



ACCT 5011 A
FINANCIAL STATEMENT ANALYSIS
WINTER 2024
MODALITY: IN PERSON
MARCH 4 – APRIL 10 2024

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Office/Office Phone: 6025 Nicol Building/613-520-2600 ext. 2774
(This is a Scent Free Zone)
Class Times: Mondays 11:35 a.m. – 2:25 p.m.
Office hours: Before or after class or by appointment (Contact me via e-mail to set up an appointment)

Learning Modality: Each week, attending class for this course will normally require the following time commitment (excluding readings, cases and assignments):

- 3 hours in person, synchronous, on campus (*i.e., delivered in real-time*)

Calendar Description: ACCT 5011 [0.25 credit]

Prerequisites: ACCT5002

Course Title: Financial Statement Analysis

Course Description

A user-oriented approach to the study of financial statements. The role of financial statements and the annual report in the financial reporting process, using ratio analysis to analyze firm performance and make forecasts of future performance.

Course Rationale:

This course will help develop students' ability to understand and interpret financial statements, to confidently use financial statements to assess firms' current performance and make predictions about their future performance.

Students will use the analytical skills they develop to assess firms' financial position, cash flows, earnings quality, and financial prospects. These skills can be used as an employee, an investor, a competitor, or as a knowledgeable member of the business community.

During the course the students will perform a detailed multi-step analysis of a specific real-life company.

This course presents an overview of financial statement analysis (FSA) from a user perspective. The objective is for each student to become an informed and critical user of financial accounting information. This includes: 1. familiarizing students with

financial statement analysis concepts and techniques; 2. addressing the role of financial accounting and financial statements in decision-making; and 3. introducing participants to current debates and challenges in financial reporting.

This course introduces a mix of practical tools and theoretical concepts used in FSA. FSA combines applied knowledge of business, accounting, governance, and finance to support decision making. FSA supports decision making in the following broad areas: investing, lending, and performance measurement. FSA can include both historical and future-oriented analysis. Financial statement ratios and other analytical tools will be introduced and applied in real-world corporate analyses. Accounting policy choices and their implications will be addressed. Current issues in financial accounting and corporate reporting will be discussed. In addition, we will emphasize the importance of supplementing FSA with critical thinking and contextual knowledge.

Course Learning Outcomes:

Specific course objectives are to:

- Introduce financial statement analysis concepts
- Master financial statement analysis techniques such as ratio analysis & interpretation
- Analyse financial statements and use the results to assist with decision-making
- Examine the impact of accounting policy choice on financial statements
- Introduce current issues and debates in financial accounting and corporate reporting
- Combine, synthesize and/or integrate ideas and information from a variety of sources
- Express information and concepts concisely, clearly and legibly when writing and concisely, clearly and with confidence when speaking

Course Approach

The teaching method uses a varied approach and focuses on active and co-operative learning by the student. The following approaches are used: in-class cases, corporate analyses, real-life examples, readings, lectures, team work, research activities, and classroom discussions. This approach requires you to prepare in advance of each class, and it requires your active participation and involvement in class discussions and cases. The case discussions are designed to facilitate classroom interaction, and learning through sharing and cooperation.

Student Experience Questionnaire

At the end of this course, students are encouraged to complete a student experience questionnaire evaluation that will be distributed to them via email and through a course link.

Contribution to Learning Goals of the Program (MBA):

MBA Learning Goal	Not Covered	Introduced	Taught but <u>not</u> Assessed	Taught <u>and</u> Assessed
MB1 Leadership and Collaboration <i>Graduates will be equipped for leadership and collaboration.</i>		X		
MB2 Communication <i>Graduates will be effective communicators</i>				X
MB3 Critical Thinking and Problem-Solving <i>Graduates will be skilled in critical thinking and problem solving.</i>				X
MB4 Functional Knowledge <i>Graduates will have knowledge that is relevant to business and be able to apply that knowledge to address business issues, opportunities, and risks.</i>				X
MB5 Global Awareness <i>Graduates will have an appreciation of the global environment of business.</i>		X		
MB6 Ethics and Responsible Management <i>Graduates will apply ethical considerations and principles of responsible management in business decision-making.</i>		X		

Required Materials:

1. Cases (to be posted to Brightspace in pdf format)
2. Laptop computer for exams

Suggested Text (for reference): No textbook is required. Materials will be made available on Brightspace.

Exam date: Monday April 15, 2024 11:30 a.m. – 2:30 p.m. Nicol 4040.

E-proctoring services may be used for this exam. *Please note that examinations in this course may use a remote proctoring service provided by Scheduling and*

Examination Services. You can find more information at <https://carleton.ca/ses/e-proctoring/>.

Drop Course Policy: The deadline for academic withdrawal is March 15th.

Grading Scheme:

Course Deliverable	Weight on Final Grade	Due Date
Contribution to class experience	10%	Weeks 1 - 6
Group Company Profiles	10%	Week 3
Group Financial Statement Exhibits	5%	Week 4
Group Cash Flow Analysis	5%	Week 5
Group Presentation	10%	Week 6
Group Financial Statement Report	20%	Week 6
Final Exam	40%	Monday April 15, 2024 11:35 a.m. – 2:25 p.m.
Total	100%	

Each component of your grade will be assigned a percentage score. Your final course grade will be a weighted average of each of these components. See details for each component below.

Evaluation and Feedback

The evaluation in this course is firmly geared towards developing skills in analysis, synthesis, and critical thinking, quantitative analysis skills, skills in analyzing complex situations, problem solving, and decision-making.

I will provide you with feedback through comments on returned assignments, responses to e-mailed questions, verbal communications, and 1-on-1 or group meetings arranged by request (yours or mine). This feedback will be generally available to you one week after the deliverable is due, with the exception of the group financial statement analysis report and final exam results, which will be available after the end of the term.

Final exam date: Monday April 15, 2024 11:30 a.m. – 2:30 p.m.

Letter Grades:

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100 B+ = 77-79 C+ = 67-69 D+ = 57-59 F = Below 50

A = 85-89 B = 73-76 C = 63-66 D = 53-56

A - = 80-84 B - = 70-72 C - = 60-62 D - = 50-52

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

Final grades in this course are determined by the course instructor and must be approved by the Dean. Grades submitted by the instructor are subject to revision and should not be considered final until they have been approved by the Dean.

Missed or late assignments and term work:

To ensure fairness to all students, penalties will be applied to late assignments: Failure to submit an assignment on time will result in an initial penalty of five (5) percentage points, followed by an additional (2) percentage points per day thereafter. For example, an assignment that would normally merit a grade of 80% would receive a grade of 75% if submitted after the deadline on the due date, 73% if submitted the following day, and so on.

Requests for accommodation (for example, presenting online or other alternate arrangements), will be considered in cases of illness, injury, family emergency, or other exceptional circumstances. Students who claim illness, injury or other extraordinary circumstances beyond their control as a reason for late or missed term work are responsible for immediately informing the instructor concerned and for discussing the feasibility of alternate arrangements, if any, with the instructor. In all cases the instructor must be informed no later than three (3.0) working days after the term work was due. The alternate arrangement must be made before the last day of classes in the term. Normally, any deferred term work will be completed by the last day of term.

Group presentations comprise a significant element of the class on the day they are scheduled. As such group presentations cannot be late.

Deferred Final Examination:

Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor and the MBA office in writing to request a deferred exam. Permission may be granted when the absence is supported by a medical certificate and or appropriate document/s to support the reason for the deferral.

Course Schedule:

See Detailed Course Schedule at the end of this outline for a detailed class by class course schedule.

Method of Instruction

Mix of seminars, cases, lectures and class discussion. Individual and group work. Independent research will be required.

Group work offers opportunities to develop interpersonal, collaboration, communication, leadership, and other abilities. It is also an effective way to learn integrative skills to address complex tasks. Your professor may assign one or more group tasks, assignments, or projects in this course.

Before embarking on a specific task as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

Preparation and Participation:

This is an in-person course. Case discussions, presentations, lectures and other components of the course are delivered synchronously in class. **In person attendance for the course is mandatory**; this includes attendance for case discussions, presentations and other course components.

The success of the course depends on active, thoughtful participation by the members through contributing to course discussions in class. Posting comments to, or responding to, posts made by your classmates in online course discussion forum are considered as part of your contribution to the course experience.

Unless otherwise indicated, the expectation is that you will attend course sessions having already thought through and analyzed the case(s) assigned for the class. This way, we can devote the bulk of our time to thinking and responding to each other's analyses of the case and only the necessary minimum to getting the facts out. Active student participation in case discussions is encouraged. Most students typically tend to underestimate, rather than overestimate, the worth of what they have to say. Thus, if you are ever in doubt, you are encouraged to speak up rather than stay quiet.

When possible, we will break out in small groups to briefly discuss case issues prior to moving into full class discussions of the cases. These small group sessions will be a good opportunity for you to test out some of your ideas and to contribute to the class experience. The professor will visit the breakout groups to answer questions and get a sense of class members' engagement in the group discussions.

Brightspace:

Brightspace will be used in this course. It is critical to use this learning tool on a regular basis. We may use Brightspace in the following ways:

- To post video and/or powerpoint lectures
- To communicate with students on regular basis (e-mail, announcements, etc.)
- To submit assignments to receive feedback
- To post cases, problems or readings
- To post notes of an administrative nature or updates to the course outline, if required

To access Brightspace, type in the following URL: <http://brightspace.carleton.ca/>

Zoom:

Zoom **may** be used if necessary:

- To host synchronous class discussions and case discussions
- To present group projects
- To host office hours
- For the professor to meet with students individually or in small groups

Contribution to Class Experience (10 percent)

Evaluation of Contribution to Class Experience The vast majority of business professionals' interactions with others are oral. Depending on the specialty, they may spend very little time reading and even less time writing reports. For this reason, the development of oral skills is given a high priority in this course. Oral communication skills are especially important in a virtual world. The course should be considered a laboratory in which you can test your ability to convince your peers of the appropriateness of your views. Some of the characteristics of effective participation (whether oral or written) are as follows:

- (1) Are the points that are made relevant to the discussion in terms of increasing everyone's understanding, or are they merely regurgitation of case facts?
- (2) Do the comments take into consideration the ideas offered by others earlier in the discussion, or are the points isolated and disjointed? The best contributions tend to be those which reflect not only excellent preparation, but good listening, and interpretative and integrative skills as well.
- (3) Do the comments show evidence of a thorough reading and analysis of the case/reading?
- (4) Does the participant distinguish among different kinds of data; that is, facts, opinions, assumptions, and inferences?
- (5) Is there willingness to test new ideas or are all comments cautious/'safe'?
- (6) Is the participant willing to interact with other class members by asking questions or challenging conclusions?

Clearly, you must participate in class if you are going to share your ideas with others. There is no need to contribute to every class. Some of the best contributors in the past have been those who participated in only three or four sessions. Their contributions, however, were insightful and persuasive. The issue is one of quality, not quantity or frequency.

Given below is a description of how your class contributions will be assessed:

Outstanding contributor: Contributions in class reflect thorough preparation. Ideas offered are usually substantive, provide one or more major insights as well as direction for the class. Arguments, when offered, are well substantiated and persuasively presented. If this person were not a member of the class, the quality of the discussions would be diminished significantly.

Good contributor: Contributions in class reflect thorough preparation. Ideas offered are usually substantive, provide good insights and sometimes direction for the class. Arguments, when presented, are generally well-substantiated and are often persuasive. If this person were not a member of the class, the quality of the discussions would be diminished considerably.

Adequate contributor: Contributions in class reflect satisfactory preparation. Ideas offered are sometimes substantive, provide generally useful insights, but seldom offer a major new direction for the discussion. Arguments are sometimes presented and are fairly well-substantiated and sometimes persuasive. If this person were not a member of the class, the quality of the discussions would be diminished somewhat.

Non-participant: This person has said little or nothing in class. Hence, there is no adequate basis for evaluation. If this person were not a member of the class, the quality of the discussions would not be changed.

Unsatisfactory contributor: Contributions in class reflect inadequate preparation. Ideas are often obvious or restatement of case facts with limited interpretation and analysis or reflect inadequate reading of the case. Ideas offered are seldom substantive, provide few, if any, insights; and do not provide a constructive direction for the class. Integrative comments and effective arguments are absent. Class contributions are, at best, 'cherry-picking' efforts making isolated, obvious, and confusing points.

Students are able to speak with the instructor at any point during the term should they wish feedback or guidance on this component of their course grade.

Group Project and its Component Parts (50 percent)

The Spratt School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

All group members will be required to complete a peer evaluation form at the end of the multi-part group project. See details in Appendix 3. Peer evaluations will be used in determining whether individual deviations from group grades are necessary.

Groups of three members will be formed by the professor prior to the first class and announced on Brightspace. Each group will be assigned one major group project in this course. However, the project is broken down into smaller deliverables, each of which builds on the previous parts. There will be group presentations (10%) in class in Week 6.

Group Deliverables

Group Company Profiles (10%)

An overview of the company selected for analysis is to be submitted in Week 3. A brief history of the company, its key products or services, their main competitors, and their future plans should all be addressed (see requirements in Appendix 1). An evaluation matrix will be provided on Brightspace for this project in advance of its due date.

Group Common Size, Trend & Ratio Analyses (5%)

The quantitative common size, trend and ratio analyses required for the FSA project are to be handed in for grading and feedback. This will ensure all groups are progressing towards completion of the group project. An evaluation matrix will be provided on Brightspace for this project in advance of its due date.

Group Cash Flow Analyses (5%)

Each group is to analyze recent cash flow statements for the company selected for their FSA. See Appendix 2 for additional details. An evaluation matrix will be provided on Brightspace for this project in advance of its due date.

Financial Statement Analysis Report (20%) & Group Presentation (10%)

The financial statement analysis is a major group project to be worked on throughout the course. The final written document must be submitted in Week 6. See Appendix 1 for details on the financial statement analysis project. Financial Statement Analysis projects are to be presented to the class in Week 6. An evaluation matrix will be provided on Brightspace for this project in advance. The written report (20%) and group presentation (10%) will be graded separately, with feedback on each component provided separately.

Final Examination (40 percent):

The final examination (40%) will be written during the regular MBA exam period. It may address any material covered during the course, including the FSA presentations. In order to pass this course you must obtain a minimum grade on the final exam of 50%. The final exam will be a case-based exam.

Peer Evaluation for Group Work:

To deter social loafing and ensure fairness in grading, you will be asked to assess the contribution of other fellow group members. This information will be used when assigning the grade for the final project. The procedure is as follows: Each student should take 100 points and allocate those points to the various members of the group (including him/her/themself) to reflect the contributions made by each member. For instance, if there are four members in a group and everyone contributed equally, each individual would receive 25 points. Conversely, if an individual contributed relatively little, the remaining group members might allocate few points to that member. To ensure that these peer evaluation scores are reasonable and free from personal bias, you will be asked to provide a detailed written explanation for your point allocation. A form to complete peer evaluations is available on Brightspace.

Each member of the team is required to submit a peer evaluation of the contributions of each member of the team, using the form available on Brightspace (see Appendix 3). Failure to submit a peer evaluation for each member of the team will result in the loss of 5% for the group project report grade. In other words, the maximum grade possible for the group financial statement report for a student who does not submit the peer evaluation will be 15 out of the 20 percent allocated to the group project report portion of the course grade.

Recommended Calculator for Examinations:

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

Student Support

Academic Support

The Centre for Student Academic Support (CSAS) is a collection of student support services designed to help you achieve your goals and improve your learning.

- CSAS can help you with academic reading, academic writing, critical thinking, time management, and more.
- For complete information on their workshops and other services, please visit the [Centre for Student Academic Support](#).

Technical Support

A variety of technical support options are available to students on our [Brightspace Student Support](#) page through documentation and videos, including information on:

- How to use Brightspace
- Communication and collaboration
- Assessments

Students can access support by phone, chat or email by contacting the [D2L Brightspace Service Desk](#).

Health and Wellness Support Services

Carleton offers a wide range of Student Support Services, including resources for mental health, healthy living, getting active, and getting support. For complete information on resources, please visit: [Carleton Wellness Resources: Supporting Your Mental Health](#)

Academic Regulations:

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

Requests for Academic Accommodation:

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

• Pregnancy

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

· **Religious Obligations**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

· **Students with Disabilities**

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. <https://carleton.ca/pmc/>

· **Survivors of Sexual Violence**

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: <https://carleton.ca/sexual-violence-support/>

· **Student Activities**

Carleton University recognizes the substantial benefits, to both the individual student and the university, that result from participating in activities beyond the classroom experience. Reasonable accommodation will be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: <https://students.carleton.ca/course-outline/>

Centre for Student Academic Support:

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development.

Visit CSAS on the 4th floor of MacOdrum Library or online at:
<https://carleton.ca/csas/>

Other Important Information:

- Students must always retain a copy of all work that is submitted.
- All final grades are subject to the Dean's approval.
- To respond to your emails, instructors and administrators need to see your full name and Carleton University ID. For this reason, it is important to send all messages from your Carleton email account. If you do not have or have yet to activate this account, you can do so by visiting the [New Students page](#).

No Scents

This classroom and my office are scent-free zones. Some people may have adverse reactions to the chemicals used in scented products. In consideration for students, faculty and staff who have environmental and chemical sensitivities, students are asked to refrain from wearing perfumes, colognes, aftershave and other scented products.

Important Dates and Deadlines

<https://calendar.carleton.ca/academicyear/>

Communication

Brightspace and email are the primary means of communicating with the instructor. See the [Student Support Site](#) for more information. Please do not call the instructor's office phone.

Academic Integrity

Carleton University's Academic Integrity Policy defines plagiarism as "*presenting, whether intentionally or not, the ideas, expression of ideas or work of others as one's own.*" This includes reproducing or paraphrasing portions of someone else's published or unpublished material, regardless of the source, and presenting these as one's own without proper citation or reference to the original source.

Plagiarism is a serious offence that cannot be resolved directly by the course instructor. The Associate Dean of the Faculty conducts a rigorous investigation, including an interview with the student, when an instructor suspects a piece of work has been plagiarized. Penalties are not trivial. They can include a final grade of "F" for the course.

Examples of plagiarism include, but are not limited to:

- Any submission prepared in whole or in part by someone else;
- Using ideas or direct, verbatim quotations, paraphrased material, algorithms, formulae, scientific or mathematical concepts, or ideas without appropriate acknowledgment;
- Using someone else's data or research findings without acknowledgement; Failing to acknowledge sources through the use of proper citations when using another's work and/or failing to use quotations marks.

Violations of academic integrity also include:

- Using unauthorized material when completing an assignment or exam,
- Fabricating or misrepresenting research data;
- Unauthorized co-operation or collaboration, and;
- Completing work for another student.

Academic integrity violations constitute a serious academic offence, weaken the quality of the degree, and will not be tolerated. Penalties may include: a failing grade for the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton, and; expulsion from Carleton.

Students should familiarize themselves with and follow the Carleton University Student Academic Integrity Policy, which is available, along with resources for compliance, at: [Student Academic Integrity Policy](#).

Course Copyright

Materials used in this course—including lectures, PowerPoint presentations, discussions, learning activities, posted notes, case studies, assignments, and exams—are copyright protected and remain the intellectual property of their respective author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Students registered in this course may take notes and make copies of course materials for their own educational use only. Students may not reproduce or distribute lecture notes and course materials publicly for commercial or non-commercial purposes without express written consent from the copyright holder(s).

Equity and Inclusion

All members of the Carleton University community share responsibility for ensuring that the University's educational, work and living environments are free from discrimination and harassment. Should you have concerns about harassment or discrimination relating to your age, ancestry, citizenship, colour, creed (religion), disability, ethnic origin, family status, gender expression, gender identity, marital status, place of origin, race, sex (including pregnancy), or sexual orientation, please visit the website of Carleton's [Department of Equity and Inclusive Communities](#).

**ACCT5011
COURSE PLAN**

Week 1 – March 4, 2024	
Topics:	FSA Framework; Common Size, Trend and Ratio Analysis
Readings:	Questions to Guide Analysis
Cases:	Matching Exercise - Industry Profiles with Industry Descriptions
Method/Pedagogy:	Lecture and case discussion
Skills/Competencies:	Analytical skills; core knowledge development
Companies:	Loblaw Companies Limited

Week 2 – March 11, 2024	
Topics:	Return on Equity, The Dupont Model
Readings:	
Cases:	Financial Ratios and Strategy in the Canadian Telecommunications Sector
Method/Pedagogy:	Lecture, examples and case discussion
Skills/Competencies:	Analytical skills, core knowledge development
Companies:	Loblaws; BCE; Rogers; Telus

Week 3 – March 18, 2024	
Topics:	Analysis of the Cash Flow Statement
Readings:	
Method/Pedagogy:	Lecture and in class exercise
Skills/Competencies:	Analytical skills; core knowledge development; team work; presentation skills
Companies:	Loblaw; Selection of Canadian mystery companies
Deliverables:	Company profiles due (10%)

Week 4 – March 25, 2024	
Topics:	Earnings Management & Distressed Firms
Readings:	How to Calculate Altman Z score of customers and suppliers
Method/Pedagogy:	Lecture and corporate examples
Skills/Competencies:	Quantitative skills; problem solving and decision making skills; Synthesis skills
Companies:	Loblaw & Canopy Growth Corporation
Deliverables:	Financial Statement Exhibits due (5%)

Week 5 – April 1, 2024	
Topics:	The Impact of Accounting Policy Choices
Readings:	
Cases:	Depreciation in the Canadian Airline Industry
Method/Pedagogy:	Lecture and in-class case discussion
Skills/Competencies:	Analytical skills; core knowledge development; strategic thinking
Companies:	Loblaw; Air Canada; West Jet; Porter
Deliverables:	Company Cash Flow analyses due (5%)

Week 6 – April 8, 2024	
Topics:	Select topics in Reporting & Analysis Group Presentations
Cases:	Investing in Canadian Senior Housing Companies: Chartwell, and Extendicare
Method/Pedagogy:	Lecture; discussion; illustration with real-world examples; presentations
Skills/Competencies:	Core knowledge development, analytical skills Oral communication; written communication; analyzing Complex situations; analytical and synthesis skills; problem solving and decision making; quantitative skills; team work; creativity & imagination; executive summary; prioritizing issues
Deliverables:	FSA Reports due (20%) FSA Presentations (10%)

Week 7 – April 15, 2024	
Topics:	Final Exam
Method/Pedagogy:	
Skills/Competencies:	
Deliverables:	Final Exam – NI 4040 11:35 a.m. – 2:25 p.m. (40%)

Other Resources

Bujaki, Merridee, and Sylvain Durocher. "Depreciation in the Canadian Airline Industry." Accounting perspectives 13.3 (2014): 209–218.

Bujaki, Merridee, and Sylvain Durocher. "Industry Identification through Ratio Analysis." Accounting perspectives 11.4 (2012): 315–322.

Bujaki, Merridee, and Sylvain Durocher. "Financial ratios and strategy in the Canadian telecommunications sector", International Journal of Case Method Research & Application, 26.2 (2014): 89-99.

Mansurov, Alisher. "Investing in Canadian Senior Housing Companies: Chartwell, Sienna, and Extencicare". (2022)

Narayanan, Loral. "How to calculate Altman Z score of customers and suppliers." *Managing Credit, Receivables & Collections*, no. 10-03, Mar. 2010, pp. 12+. Gale Academic OneFile.

APPENDICES

Appendix 1: Group Project Guidelines – Financial Statement Analysis (50% of overall course grade)

Preparation

Each group is required to select a company to analyze. Suggested industries include: Pharmaceutical/Biotechnology, Retail, Extractive (Mining or Oil & Gas), Manufacturing, Food and/or Beverage, Hospitality/Hotel/Recreational, Telecommunications, Other Natural Resource (Timber, Pulp & Paper, etc.). No two groups are able to select a company in the same industry. Reserve your industry choices with Professor Merridee Bujaki during the first class or by email merridee.bujaki@carleton.ca. Industry choices will be reserved on a first-come first-served basis. Once your industry choice is approved, select **one** publicly traded Canadian company from within that industry for detailed study. Note: You may wish to select an industry and company that group members have a particular interest in, perhaps an employer or an industry or company that you invest in, or have thought of investing in. You may not select any of the companies that we will be discussing in class.

Obtain financial statements for the past four fiscal years for your company. Corporate websites or the internet may be helpful in obtaining financial statements. The SEDAR website (www.sedar.com) can be searched for the public filings of all Canadian public companies. (To get four years of data, you will need only the past three annual reports).

Obtain industry averages for commonly used ratios for the industry (one source is the Mergent Online **Industry Analysis** (www.library.carleton.ca then select Databases, M from the alphabetical listing, Mergent Online and Industry Analysis) or similar reports by Dun & Bradstreet or Standard and Poor's).

Objective:

To analyse the financial performance of one company firms and to formulate recommendations for decision making based on your analysis.

Required:

The written financial statement analysis report is due in the last class. Overall, your report (excluding appendices) should be approximately 20 double-spaced pages. Your analysis should include each of the following elements:

- 1. Briefly describe the primary business activities of the company selected (recent Annual Reports are often a good source of information, as are industry publications or the financial press). For example, provide:
 - a brief historical summary
 - a list of key competitors
 - the relative industry position of the company
 - recent developments in the industry/company
 - future goals.

Submit this part of your analysis in Week 3 for grading and feedback (10%)

2. Prepare common-sized statements and trend analyses for four years for both the income statement and balance sheet of your company.
 - For each of the last three fiscal years, for your selected company, calculate appropriate financial statement ratios.

Submit this part of your analysis in Week 4 for grading and feedback (5%).

3. Prepare a well-written analysis of the financial statements of your selected company based upon your *interpretation* of the common-sized statements, trend analyses, and financial statement ratios.
 - Comment on the ratio information for the company and compare it to the industry averages.
 - Calculate the z-scores for your company for the most recent year. Do the z-scores support or contradict your other analyses?
4. Based upon your analysis, would you advise a friend to invest in the company? As a banker would you lend this company money? As a manager, would you be interested in working for the company? **Support your recommendations.**
 - Include graphs, charts and tables to enhance your report (these are also very helpful in preparing your presentation).

Submit your final report in Week 6 for grading and feedback (20%). Incorporate your findings from all components of the project.

Presentation (10%)

Group presentations will take place during the last class. Each group will have approximately 15 minutes to present their company analysis to the class (this may be adjusted once the number of groups is determined). The group presentations are intended to allow all participants to benefit from the insights and recommendations arising from each group's analysis of different industries.

In your group presentation:

- 1. Present highlights of your analysis of the company.
- 2. Provide your investment recommendations for each company; support your recommendation.
- 3. Indicate whether you, as a corporate banker, would lend the company money; why or why not?
- 4. Indicate if you would like to work for the company? Why? Consider both accounting and qualitative aspects which affect your preference.
- 5. Address how your industry's financial statement ratios appear to be unique, relative to other industries you know or we have discussed in class.

Appendix 2

Group Analysis of Cash Flow Statements (5%)

Assignment

Use the publicly traded company you have selected for your financial statement analysis.

Obtain the cash flow statements for each of the last three years. Analyze the cash flow statements, using the following questions as a guide.

For each year on the statement of cash flows:

Part 1:

1. What were the firm's major sources of cash? Its major uses of cash?
2. Was cash flow from operations greater than or less than net income? Explain the major reasons for the difference between these two figures.
3. Was the firm able to generate enough cash from operations to pay for all of its capital expenditures?
4. Did cash flow from operations cover both the capital expenditures and the firm's dividend payments, if any?
5. If not, what were the sources of cash the firm used to pay for the capital expenditures and/or dividends?

Part 2:

What was the trend in:

1. Net income?
2. Cash flow from operations?
3. Capital expenditures?
4. Dividends?
5. Net borrowings (proceeds less payments of short and long term debt)?

Part 3:

Based on the evidence in the statement of cash flows alone, what is your assessment of the financial strength of the company? Why?

Appendix 3

Peer Evaluation Form

To deter social loafing and ensure fairness in grading, we will consider the contributions made by individual group members when assigning final grades for the group project and presentation. This will be assessed using peer evaluation, and will entail individual deviations from the group grade in cases where this is warranted.

The procedure is as follows: Each member will take 100 points and allocate those points to their group members (including her/himself) to reflect their contributions. So, for instance, if there are 3 members in a group and everyone contributed equally, each individual would receive $33\frac{1}{3}$ points. Conversely, if an individual contributed relatively little, the remaining group members might allocate few points to that member. To ensure that peer evaluation scores are reasonable and free from personal bias, any point allocation that is not equal should be accompanied by a detailed written explanation.

Factors that you may wish to consider include:

- 1. Reliability/Commitment** - Did s/he participate in team meetings in an organized fashion & meet team deadlines?
- 2. Leadership** - Did s/he provide leadership through listening to others and helping the team to function as a team?
- 3. Collaborative** - Did s/he participate in team activities and contribute in a positive manner?
- 4. Respectful/Open** - Did s/he show respect for team members, their ideas and their other commitments?
- 5. Contribution** - Did s/he do his/her share of the work, provide useful ideas, input, helpful suggestions and feedback to the team in accordance with team decisions?

**PLEASE COMPLETE THIS FORM AND SUBMIT IT TO THE APPROPRIATE
DROPBOX ON BRIGHTSPACE**

Name of Group Member <i>(please include yourself)</i>	Points	Rationale <i>(if point allocation is not equal)</i>
YOU:		

TOTAL**100****Additional Comments** *(if any)*

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