



CARLETON UNIVERSITY  
SPROTT SCHOOL OF BUSINESS  
BUSI 2506A  
FALL 2022  
FINANCIAL STATEMENT ANALYSIS

**Instructor:** Megan Thompson, CPA

**Office Hours:** Tuesdays online 6-8PM or by appointment. Send me an e-mail to secure your time.

**Email:** [meganlthompson@cunet.carleton.ca](mailto:meganlthompson@cunet.carleton.ca)

**Class Time & Location:** Monday 18:05-20:55 Nicol Building Room 3020

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**Pre-requisites & Precluded Courses:**

BUSI 2504 with a grade of C or higher. Precludes additional credit for BUSI 2002.

**Calendar Description:**

Analysis and interpretation of an entity's financial statements and annual report from a user perspective. Ratio analysis is used to analyze firm performance and make forecasts of future performance. Precludes additional credit for [BUSI 2002](#).

**Course Description:**

This course covers standards and methods used by financial and investment analysts and portfolio managers to evaluate financial statements in today's international and volatile markets. It is filled with information and strategies needed to examine the past and current performance and financial position of a company to form expectations about its future performance and financial position. It explores how to evaluate financial statement notes and supplementary information to better understand the risk and potential returns from investing in the company.

**Learning Objectives:**

Students will be expected to demonstrate the following learning outcomes:

- Define the elements of financial statements and explain the basic principles supporting the recognition of these elements on the financial statements.
- Understand the interrelationship between financial statement items.
- Analyze and interpret the performance and financial stability of an organization using financial statement analysis tools and techniques.
- Identify manipulation techniques that could be used to manage earnings.
- Evaluate the usefulness and limitations of financial statement information.
- Predict future performance based on sound reasoning and realistic assumptions.

**Reading(s)/Textbook(s)/Required Materials:**

- Robinson, Henry & Broihahn, International Financial Statement Analysis, Fourth Edition, Wiley, 2020
  - Available as e-text through Wiley.ca or in hard copy at Haven Bookstore (43 Seneca St. – Seneca and Sunnyside).
- The CPA Canada Handbook – available at: <http://edu.knotia.ca.proxy.library.carleton.ca/>

**Grading:**

Participation`	5%
Quizzes	10%
Group project	20%
Midterm examination	25%
Final examination	<u>40%</u>
<b>Total</b>	<b><u>100%</u></b>

*Contribution and participation:* will be earned primarily through attendance and by in class participation. There will be a bonus of up to two marks for exceptional contribution to classroom discussion and/or online use of Brightspace. Further details will be provided during the first class.

*Weekly online quizzes:* There will be online quizzes within Brightspace on a weekly basis in the term that are multiple choice questions. These are for your benefit as these will help you practice the content. Detailed instructions will be posted to the course website.

*Group project:* Each group will complete an in-depth analysis of the financial statements of a public company. Based on their assessment of the expected future performance of the firm, the group will make a recommendation to lend or not lend money to this firm. The project is **due by 11:59 PM on December 5** and will be submitted via an online submission on Brightspace. The term paper should not exceed 3,500 words.

*Midterm examination:* There will be a midterm examination on **Friday November 4<sup>th</sup> in class from 4-6 P.M EST**. Student's with conflicts and/or international time zone concerns should make alternate arrangements with the instructor 10 calendar days prior to the exam. Students will then have 10 calendar days to review their results and report any discrepancies to the professor after grades have been posted. Any discrepancies reported beyond that time may be reviewed but will not result in any change in grade.

*Final examination:* The final exam will be comprehensive in nature and will cover the whole course. It will be scheduled during the formal exam period.

*Midterm and final examinations:* The midterm and final exams will test both the technical and conceptual aspects of the course. Only non-programmable calculators (without alpha storage capabilities) will be permitted. Translation dictionaries are allowed as long as they are in print format and do not contain any handwritten notes. Electronic translation dictionaries are not allowed. All assigned readings, in-class handouts and material from lectures are examinable.

*Missed assignments and/or midterm examination:* If you must miss any of the assignments and/or the midterm exam due to a verifiable illness (or, in rare cases, some other circumstances beyond your control), the weight for that assignment/exam will be transferred to the final examination. If the assignment/exam is missed without a legitimate reason, a grade of zero will be given. A medical certificate or other verifiable documentation must be submitted to the instructor no later than five (5) calendar days after the date of the assignment/exam.

*Reminder: Students should always retain a hard copy of all work submitted.*

**Detailed Course Schedule:**

Week	Week of	Topic	Readings
1	12-Sept	Introduction & Review of Financial Statements	Chapters 3 & 4
2	19-Sept	Financial Analysis Techniques	Chapter 6
<b>Group Project: Students to create groups of 3-4 students</b>			
3	26-Sept	Inventories Long-Lived Assets	Chapter 7 Chapter 8
<b>Group Project Selection: Company selection and team members due to instructor for approval by Oct 3 at 11:59 P.M. EST</b>			
4	3-Oct	Non-Current (Long-term) Liabilities	Chapter 10
5	17-Oct	Financial Statement Analysis: Applications Financial Reporting Quality	Chapter 12 Chapter 11
<b>Reading Week Oct 24-28</b>			
6	31-Oct	Intercompany Investments	Chapter 13
<b>MIDTERM Friday 7<sup>th</sup> 4-6 PM EST</b>			
7	7-Nov	Income Taxes	Chapter 9
8	14-Nov	Integration of Financial Statement Analysis Techniques	Chapter 18
9	21-Nov	Employee Compensation Post Employment & Share Based	Chapter 14
10	28-Nov	Multinational corporations	Chapter 16
<b>Dec 5 - Group Project Due at 11:59 P.M. EST</b>			
11	5-Dec	Evaluating Quality of Financial Reports	Chapter 17
	9-Dec	Review	
<b>Cumulative Exam scheduled in the formal examination period</b>			

*\*\*While every attempt will be made to keep to the schedule listed above, unforeseen circumstances may necessitate modifications throughout the semester.*

**Course Website:**

The instructor will make extensive use of Brightspace to post course materials, grades and other announcements. Brightspace is considered an integral part of the course. Any announcements made on Brightspace will be considered to have been made in class. Students are encouraged to visit the course Website at least twice a week throughout the term.

**Satisfactory In-Term Performance:**

1. The criteria and the standards for Satisfactory In-term Performance are as follows:
  - A minimum of 60% of the term work must be completed
  - A minimum average grade of 45% on the term work must be obtained
2. Unsatisfactory In-term Performance in this course will lead to:
  - Failure in this course

**Examination Policy:**

University policy with respect to examinations will be strictly adhered to. Supplemental and grade rising examinations are not available. Notwithstanding the marking scheme, **if the mark on the final exam is less than 45%, the final grade for the course will be an F.**

**Pedagogy:**

This course will use a combination of lectures and problem solving. The lectures will highlight the main points contained in the assigned readings and problem solving will help illustrate the application of learned techniques to various financial reporting issues.

**Class Etiquette:**

1. Late arrival should be an exception. When necessary, sit on the entering side; do not disturb the class.
2. Early departure should be an exception.
3. Early preparation for departure - please don't.
4. Talking with class as a whole or with no one.
5. Not using cellphones or electronic devices for non-class related activities.

**How to do well in this course**

- Read the assigned material prior to each class and attempt to gain a basic understanding of the material.
- Attend the classes and try to get a better understanding of the material by asking questions and working through the in-class questions along with the instructor.
- After each class (and before the next class), review the material taken up in class and try to answer other MCQs to ensure you understand the material.
- If there are points that you did not understand, see the TA or instructor or ask for clarification in the next class.

**Collaboration with Others:**

Individuals/groups may collaborate with other individuals/groups to identify the issues and alternatives involved with a particular problem/case/project. However, the analysis, recommendations and final report/submission should be completed by each individual for individual work and by each group for group projects without discussing the analysis, recommendations and final report with other individuals/groups.

**Emails & Correspondence:**

Questions regarding the course content and/or course assignments/deliverables should be posted on Brightspace question board so that the entire class may benefit from the answers provided. All other questions if personal or specific in nature should be emailed to the course instructor. Emails from students on matters pertaining to this course should be sent

from the student's Carleton email account. The instructor will normally respond to emails within 48 business hours.

Contribution to Learning Goals of the Program ([BCom](#), [BIB](#)):



Program Learning Goal	Competencies Not Covered	Competencies Introduced (only)	Competencies Taught But Not Assessed	Competencies Taught and Assessed
<b>CHECK (X) ONE PER ROW</b>				
<b>BC1 Knowledge</b> <i>Graduates will be skilled in applying foundational business knowledge to appropriate business contexts.</i>				<b>X</b>
<b>BC2 Collaboration</b> <i>Graduates will be collaborative and effective contributors in team environments that respect the experience, expertise and interest of all members.</i>			<b>X</b>	
<b>BC3 Critical Thinking</b> <i>Graduates will be discerning critical thinkers, able to discuss different viewpoints, challenge biases and assumptions, and draw conclusions based on analysis and evaluation.</i>				<b>X</b>
<b>BC4 Communication</b> <i>Graduates will be effective and persuasive in their communications.</i>				<b>X</b>

## ADDITIONAL INFORMATION

### Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

### Required calculator in BUSI course 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

### Group work

The Sprott 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. Your professor may assign one or more group tasks/assignments/projects in this course. 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.

### Grading

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
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

### 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 Accommodation

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: [carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf](http://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf)

#### Religious obligation

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: [carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf](http://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf)

### **Academic Accommodations for 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](mailto: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.

[carleton.ca/pmc](http://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: [carleton.ca/sexual-violence-support](http://carleton.ca/sexual-violence-support)

### **Accommodation for Student Activities**

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must 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: [students.carleton.ca/course-outline](http://students.carleton.ca/course-outline)

### **Academic Integrity**

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated.

Process: If an alleged violation occurs, all relevant documentation will be forwarded to the Dean. If the allegation proves true, the penalties may include; a grade of Failure on 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; expulsion from Carleton, amongst others. **For a first offence, at a minimum, the penalty assigned will normally be a zero on the submitted work and at least a minimum full grade reduction of the final course grade. For a second offence, at a minimum, the penalty assigned will normally lead to a suspension from studies.**

Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at:

<https://carleton.ca/registrar/academic-integrity/>.

### **Sprott Student Services**

The Sprott Undergraduate Student Services Office offers program advising and overall student success support. Our team is available to discuss your academic goals and your program progression plans. We can also work with you to develop strategies for success, including study skills for Business. If you experience any difficulty this term or if you would like to access support, please contact our team at [bcom@sprott.carleton.ca](mailto:bcom@sprott.carleton.ca) or at [bib@sprott.carleton.ca](mailto:bib@sprott.carleton.ca).

**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: [carleton.ca/csas](https://carleton.ca/csas).

**Important Information:**

- All final grades are subject to the Dean's approval.
  - For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://carleton.ca/its/get-started/new-students-2/>
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**Covid-19 Information:**

It is important to remember that COVID is still present in Ottawa. The situation can change at any time and the risks of new variants and outbreaks are very real. There are [a number of actions you can take](#) to lower your risk and the risk you pose to those around you including being vaccinated, wearing a mask, staying home when you're sick, washing your hands and maintaining proper respiratory and cough etiquette.

**Feeling sick?** Remaining vigilant and not attending work or school when sick or with symptoms is critically important. If you feel ill or exhibit COVID-19 symptoms do not come to class or campus. If you feel ill or exhibit symptoms while on campus or in class, please leave campus immediately. In all situations, you must follow Carleton's [symptom reporting protocols](#).

**Masks:** Carleton has paused the [COVID-19 Mask Policy](#), but continues to strongly recommend masking when indoors, particularly if physical distancing cannot be maintained. It may become necessary to quickly reinstate the mask requirement if pandemic circumstances were to change.

**Vaccines:** Further, while proof of vaccination is no longer required as of May 1 to attend campus or in-person activity, it may become necessary for the University to bring back proof of vaccination requirements on short notice if the situation and public health advice changes. Students are strongly encouraged to get a full course of vaccination, including booster doses as soon as they are eligible, and submit their booster dose information in [cuScreen](#) as soon as possible. Please note that Carleton cannot guarantee that it will be able to offer virtual or hybrid learning options for those who are unable to attend the campus.

All members of the Carleton community are required to follow requirements and guidelines regarding health and safety which may change from time to time. For the most recent information about Carleton's COVID-19 response and health and safety requirements please see the [University's COVID-19 website](#) and review the [Frequently Asked Questions \(FAQs\)](#). Should you have additional questions after reviewing, please contact [covidinfo@carleton.ca](mailto:covidinfo@carleton.ca).