



FINA 5506 Z
Financial Statement Analysis
Fall 2024

N.B.: lectures for this course run 12 weeks from Wednesday, September 11, 2024 and to Wednesday, December 4, 2024 (inclusive). Please note there will be no lecture on Wednesday, September 4, 2024.

Instructor: Jesse Dunn, MBA, CPA, CA
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Office: NI 7010
Office Hours: By appointment only (Monday/Wednesday evenings)

Class Meeting: Wednesdays, 11:35 AM – 2:25 PM

Course Calendar Description (from [2024/25 graduate calendar](#)):

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.

Course Description:

This course helps students develop and use analytical skills to assess the financial statements, note disclosures and management discussions & analysis (MD&A) of various firms to make conclusions on firms' financial position, cash flows, earnings quality and financial prospects (including modelling projected financial information). These skills can be used by students as employees, investors, portfolio managers or as knowledgeable members of the business community to evaluate financial statements in today's international and volatile markets. During the course, students will also have the opportunity to review and discuss financial analysis and will perform a detailed multi-step analysis of specific, real-life companies.

Course Learning Objectives:

1. Define the elements of financial statements and explain the basic principles supporting the recognition of these elements in the financial statements
2. Understand the interrelationship between financial statement items
3. Analyze financial statements and interpret the results of the analysis
4. Produce a report containing financial analysis and interpretation of the analysis
5. Predict a firm's future financial performance and explain how predictions are subject to uncertainty
6. Analyze the economic/regulatory environment to predict the effects of financial reporting issues
7. Explain the impact of accounting policy choices on financial statements
8. Identify manipulation techniques that could be used to manage earnings
9. Evaluate the usefulness and limitations of financial statement information

Course Prerequisites: Enrolment in Master of Finance program

Required Materials:

Robinson, Henry & Broihahn, International Financial Statement Analysis, 4th Edition. Wiley, 2020
 Robinson, Henry & Broihahn, International Financial Statement Analysis Workbook, 4th Edition. Wiley, 2020

Final Exam Date: To be determined at a later date

Drop Course Policy: The deadline for academic withdrawal follows the dates prescribed by Carleton University: <https://calendar.carleton.ca/academicyear/>

Grading Scheme:

Group Term Project	
Company Profiles	5%
Financial Statement Analysis	10%
Model and Final Report	10%
Presentation	5%
Peer Evaluation	5%
Participation	10%
Quizzes	20%
Final Exam	35%
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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.

Group Term Project:

In teams of 3-5 people, the Group Term Project will take students through all the steps to performing and presenting full financial statement analysis for two publicly listed companies operating in a common industry (approved by the instructor) using the methods taught in class. For each deliverable of the Group Term Project, detailed instructions describing how grading components will be evaluated will be posted to Brightspace. For those needing inspiration for which companies to pick, below are possible pairings of companies from the TSX 60 (but don't limit yourself to Canadian companies!):

- Grocery/retail – Loblaws, Metro, etc.
- Telecom – Bell, Rogers, Telus, etc.
- Banking/financial services – RBC, TD, CIBC, etc.
- Insurance – Sun Life, Manulife, etc.
- Gold/mining – Barrick, Agnico Eagle, First Quantum, etc.
- Rail/transportation – Canadian Pacific, Canadian National, etc.
- Precious metals streaming – Franco-Nevada, Wheaton, etc.
- Oil/gas – Imperial Oil, Suncor, Cenovus, etc.
- Many others!

See Peer Evaluation for Group Work below for details on how this be evaluated. An online form will be provided on Brightspace for students to submit their peer evaluations.

Participation:

Students are expected to attend every lecture for the full lecture (unless written approval from the instructor is received in advance confirming otherwise). Participation in the course will be marked at random in one of two ways:

- *Contributions/learnings journal:* students could be asked to submit a brief summary of what they contributed OR what they learned in class (min. 150 words; max. 200 words) that lecture. The contribution/learning will be evaluated for its validity, relevance, quality and benefit to the learning environment. An online form will be provided on Brightspace for students to submit their contributions/learnings. Each contribution/learning will be worth 1% of students' final grade.
- *Participation quizzes:* students could be handed a physical sheet containing 2 to 3 multiple choice questions and given 5-10 minutes to input answers to multiple choice questions. Questions will be based on the lecture content covered so students can demonstrate their understanding of material. Each quiz will be worth 1% of students' final grade.

Whether participation for a lecture will be marked via journal submission or a quiz will only be disclosed at the end of the lecture, so show up to every lecture prepared for both scenarios!

Quizzes:

Throughout the semester, a total of five (5) multiple choice quizzes will be administered, of which students' four (4) best results will count towards their final grade (5% per quiz, 20% overall). Quizzes are tentatively scheduled for Classes 2 (September 18), 4 (October 2), 6 (October 16), 8 (November 6) and 10 (November 20). Quizzes will generally consist of 10 to 20 multiple choice questions inspired by materials delivered in-class and the course textbook. Quizzes will be administered at the start of class and students will have approximately 20-30 minutes to complete each quiz.

Final Exam:

The final exam for the course will consist of 50 to 75 multiple choice questions inspired by materials covered in-class and the course textbook. Students will have 3 hours to complete the final exam.

The final exam will be written in-person and on paper. On the off-chance final exam delivery is moved to virtual, please note that the University has its own e-proctoring system, CoMaS. Details about this system and your requirements will be laid out well before the exam if it is used so that you are ready. You can find more information at <https://carleton.ca/ses/e-proctoring/>.

The minimum computing requirements for e-proctoring service are as follows:

- Hardware: Laptop
- OS: Windows 10, Mac OS 10.14, Linux Ubuntu 18.04
- Internet Browser: Google Chrome, Mozilla Firefox, Apple Safari, or Microsoft Edge

Note: Chromebooks, tablets (Android, iOS, Windows), and smartphones are not supported by CoMaS at this time. You must complete your exams using Windows-based or MacOS computers.

Late Assignments:

Assignments submitted past the due date will receive a penalty of 5% per day. Assignments that are not submitted after 10 days past the due date will receive a grade of 0. Exceptions to this include verifiable illness

and emergencies, only when communicated directly to me within three (3) business days following the due date. Assignment extensions or new deadlines are granted on a case-by-case basis at the instructor’s discretion.

Preparation and Participation:

The success in the course depends on active engagement. See the Course Schedule below. The expectation is that students will attend course sessions having completed required readings and thought through/analyzed the cases, articles and/or discussion topics assigned for the class per the schedule. This will enable students to participate more easily in any discussions and/or break-out sessions held in class. I highly encourage everyone to participate actively and to ask lots of questions. When possible, we will use breakout sessions to allow small groups to briefly discuss various cases, articles and/or topics prior to moving into full class discussions.

Contribution to Program Learning Goals (MFin):

MFin Learning Goal	Not Covered	Introduced	Taught but Not Assessed	Taught <u>and</u> Assessed
MF1 Ethical and Professional Conduct <i>Graduates will conduct themselves in alignment with the CFA Code of Ethics and Standards of Professional Conduct.</i>		✓		
MF2 Financial Markets, Institutions, and Instruments <i>Graduates will demonstrate an understanding of financial markets, instruments, and institutions.</i>		✓		
MF3 Portfolio Management <i>Graduates will understand the motivations of investors and manage an investment portfolio that achieves those objectives.</i>		✓		
MF4 Data Analysis <i>Graduates will be proficient in data management, analytics, and modeling.</i>				✓
MB5 Communication <i>Graduates will be effective communicators.</i>				✓

COURSE SCHEDULE

- Group Term Project deliverable due
- Exam or quiz
- Special event

Day	Topic/Agenda	Required Reading	Deliverables (if any)
Class 1 September 11, 2024	<ul style="list-style-type: none"> • Course overview • Introduction to financial statement analysis • Financial reporting standards 	Chapters 1 & 2	
Class 2 September 18, 2024	<ul style="list-style-type: none"> • Understanding income statements • Understanding balance sheets 	Chapters 3 & 4	<p>Group Term Project company selection approval by instructor (due September 18 by end of class)</p> <p>Quiz 1</p>
Class 3 September 25, 2024	<ul style="list-style-type: none"> • Understanding balance sheets • Understanding cash flow statements 	Chapter 4 & 5	
Class 4 October 2, 2024	<ul style="list-style-type: none"> • Financial analysis techniques 	Chapter 6	<p>Company Profiles (due October 8 by 11:59 PM)</p> <p>Quiz 2</p>
Class 5 October 9, 2024	<ul style="list-style-type: none"> • Financial statement analysis applications (including modelling) 	Chapter 12	Peer Evaluation 1 (due October 9 by 11:59 PM)
Class 6 October 16, 2024	<ul style="list-style-type: none"> • Class activity: financial statement mystery • Special topics: inventories 	Chapter 7	<p>Financial Statement Analysis (due October 29 by 11:59 PM)</p> <p>Quiz 3</p>
October 23 – no class due to Reading Week			
Class 7 October 30, 2024	<ul style="list-style-type: none"> • Special topics: long-lived assets • Special topics: non-current liabilities 	Chapters 8 & 10	
Class 8 November 6, 2024	<ul style="list-style-type: none"> • Special topics: non-current liabilities • Special topics: income taxes 	Chapters 9 & 10	Quiz 4
Class 9 November 13, 2024	<ul style="list-style-type: none"> • Special topics: intercorporate investments • Special topics: multinational operations 	Chapter 13 & 15	
Class 10 November 20, 2024	<ul style="list-style-type: none"> • Special topics: multinational operations • Special topics: employee 	Chapters 14 & 15	<p>Model and Final Report (due November 26 by 11:59 PM)</p> <p>Quiz 5</p>

	compensation – post-employment and share-based		
Class 11 November 27, 2024	<ul style="list-style-type: none"> Financial reporting quality Evaluating financial reporting quality 	Chapters 11 & 17	PowerPoint Presentation (due December 3 by 11:59 PM)
Class 12 December 4, 2024	<ul style="list-style-type: none"> Group Term Project presentations Evaluating financial reporting quality 	Chapter 17	Peer Evaluation 2 (due December 4 by 11:59 PM)
Date TBD - Final Exam			

*Please note that excluded from the above are case studies and article readings that will be assigned from time-to-time to prepare ahead of select classes

**Also please note that while every attempt will be made to keep to the schedule listed above, unforeseen circumstances may necessitate changes to the schedule ad hoc throughout the semester

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).

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

Group Work:

The Sprott School of Business encourages group assignments. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also an effective way to learn integrative skills for putting together a complex task. Your professor may assign one or more group tasks, assignments, or 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.

Peer Evaluation for Group Work

To deter social loafing and ensure fairness in grading, you will be asked to assess the contribution of your 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.

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

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:

<https://calendar.carleton.ca/grad/gradregulations/>

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/>

Academic Integrity:

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—are a serious academic offence, weaken the quality of the degree, and will not be tolerated. 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. 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/>

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 hard copy of all work that is submitted.
- 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 can do so by visiting <https://carleton.ca/its/get-started/new-students-2/>