

**Rutgers School of Business**  
**Online MBA Financial Reporting & Analysis (FRA)**  
**Accounting 53:010:565**  
**Spring, 2023**



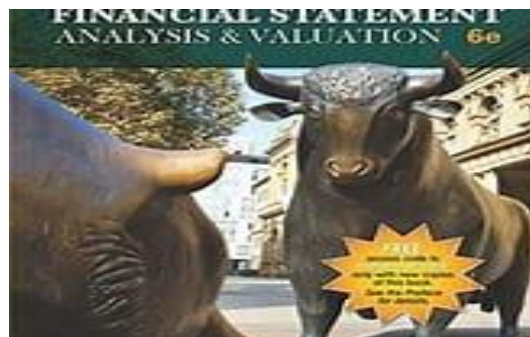
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**Course Description & Objectives:**

This course is designed to prepare you to interpret and analyze financial statements for tasks involving credit and security analyses, lending and investment decision, and other decisions that must rely on financial data. This course, therefore, explores in greater depth financial reporting topics from the perspective of financial statement users. We develop sufficient understanding of the concepts and recording procedures to enable you to interpret various disclosures in an informed manner. We discuss each financial reporting issue in terms of its effect on assessments of a firm's profitability and risk. We then apply analytical tools and concepts in competitor analysis, credit and investment decision, bankruptcy prediction, and valuation.

**Required Materials:**

“**Financial Statement Analysis and Valuation**”, by Easton, McAnally, Sommers & Zhang, Cambridge Business Publishers (6th ed.) ISBN: 978-1-61853-360-9



Language: English

Publisher: Cambridge Business Publishers

ISBN-10: 1618533606

ISBN-13: 978-1618533609

**\*NOTE: The first two modules of this Textbook are available online for FREE**

Please Click the following link to access Module 1 and Module 2 of this Textbook while you purchase your own book: (please cut and past the following link to window address)

[Financial Statement Analysis & Valuation, 6e by Easton, McAnally, Sommers \(mybusinesscourse.com\)](#)

Regular Reading of The Wall Street Journal

### **My Business Course(MBC):**

You will also need access to [www.MyBusinessCourse.com](http://www.MyBusinessCourse.com) ( MBC) where you can watch demos & eLectures and where you will complete all of your assignments and exams. MBC is integrated with Canvas (please download student.handout.sp.2023 from the top of Module Area of your Canvas.

### **Prerequisites:**

Please note that you **should** have the following pre-requisite to enroll in this class:  
(50:010:502) OR equivalent course

### **Preparation:**

- Review and honor all Rutgers MBA policies listed in the classroom and syllabus.
- Invest approximately 12 hours throughout the week for the course. (For traditional onsite classes, the industry standard is 3 hours per credit per week + the in-class meeting time.)
- Complete readings and research in advance of each week.
- Consistently demonstrate professionalism in your interactions with peers and faculty.
- Produce high quality, original work that properly cites the words and ideas of others.
- Uphold the integrity of your Rutgers MBA degree by not plagiarizing or cheating.
- Accept feedback and suggestions with an open mind, taking time to reflect, and then using what you have learned to further improve your performance in future assignments.
- Notify your professor immediately if you confront a personal emergency that puts you at risk of submitting a late assignment.
- Honor the principle that “everything written or said within the classroom stays within the classroom.”
- Stay current on classroom news and postings by visiting the classroom regularly, at least once a week. It is your responsibility to keep yourself current with all the announcements.
- Participate in the assigned class discussions, whenever you can, to get maximum credit for class participation. These discussions are designed to be a collaborative learning experience for all involved.
- For the general class discussion forum, you are also strongly encouraged to share any relevant class related topics pertaining to current business environment. You may also benefit and assist other students via thoughtful interaction.
- **Direct Interaction:** Although Canvas provides good learning tools, oftentimes, a direct one-to-one professional interaction to resolve difficult issues is usually the most effective. For example, you may have a certain technical/mathematical problem that is frustratingly difficult to solve that you think is difficult be resolved in an open forum or elsewhere. In this case, please feel free to send me an e-mail and a contact number so that I can call you directly to resolve it.
- **Not checking your Rutgers email is not an excuse for missing any communications.**

### **Homework Assignments through (MBC):**

**Complete any of the online homework assignment for each session.** *You will need access to [www.MyBusinessCourse.com](http://www.MyBusinessCourse.com) (MBC) where you can watch demos & eLectures and where you will complete all of your assignments.*

### **Class Materials:**

All class materials can be obtained via Canvas. Note that the PowerPoint class materials for a particular week will be posted by noon on Monday, usually one week ahead of schedule (except for the first week or two.) You are strongly encouraged to access this course via Canvas several times a week. You can imagine that the class seamlessly “runs” through from Day 1 (Monday) to Day 7 (Sunday).

### **Class Communication:**

Since class attendance is not compulsory, a viable and reliable form of communication is vitally important. Note that all class communication will be via your Rutgers e-mail and discussion forums and other tools in Canvas. You are expected to check your Rutgers e-mail at least (equally spaced) two or three times every week. All class announcements can also be accessed via the ‘Announcement’ page in Canvas.

### **Professor Communication:**

Note that during the week, from Monday until Friday, I will try reply to all e-mails within 24 hours. Please do not expect immediate response. (If you do not hear from me within 48hours, please re-send your email as I may have overlooked or accidentally deleted your e-mail.) Although, I check my e-mails a few times daily, I may not be able to completely answer all e-mails immediately upon receiving them. Note that I may also be travelling out of town on many weekends and may not be able respond to weekend e-mails until Monday. It is recommended that you do not give out personal email or twitter accounts. For phone calls, best practice is to call the student vs. giving out your phone number. If you have a question in quantitative nature that requires a long, complex explanations please email me.

### **Etiquette expectations from on-line students:**

The following protocols on the codes of behavior reflect professional business norms on manners, courtesy, and respect. ***(In general, you should treat others as you would like others to treat yourself. Be mindful that what is acceptable in a text or chatroom with friends may not be appropriate in a classroom or in an online conversation with an instructor.)***

Even though many of you are already aware of these protocols, they are explicitly stated here so that everyone is cognizant of the same protocols. These protocols should be followed by all students taking this course to help ensure the online experiences for everyone involved are pleasant. They are as follows:

- When sending an e-mail, you can get better attention by using the following guidelines:
  - use descriptive subject lines, (I am sure you have received a lot of Spam e-mails and I have occasionally and accidentally deleted student e-mails that I thought was Spam.)
  - please be as brief as possible by going straight to the point, and if possible, limit the use of attachments

**Never send offensive and insulting messages\*** (this is a violation of the Student Code of Conduct). If you disagree, say so and state your reasons. Social media is a very powerful tool for communication. However, it can be badly misused if it is not used correctly or professionally. For example, you may have personal and legitimate concerns with this course. However, other students, who do not have similar feelings, can be negatively influenced by your concerns. This will unnecessarily and negatively affect their overall

experience of the course. Therefore, to minimize such an occurrence, please feel free to directly contact the instructor/tutor first to resolve any concerns that you may have to help ensure that everyone's online experience of this course is beneficial.

- Always guard against inciting others when it comes to content, opinions, etc. That is, avoid blaming or accusing others of wrong doing.
- Do not start a volley of back and forth e-mails, with copies distributed to every student in the class.
- Copy the minimum number of people. That is, send e-mails to only the people you think should receive and will benefit from it.
- Treat all e-mails and postings as permanent forms of written record and do not expect that any your e-mail communications to be private, unless stated otherwise. Instead, assume that all e-mail communications are public.
- Do not publicize your own or others' personal information (such as email, phone numbers, last names, etc.)

### **Important Administrative Dates (subject to change):**

- **Tuesday, January 17, 2023** – First day of Spring 2023 semester
- **Thursday January 26, 2023**– Last day to drop a class without a “W” (this can be done through WebReg)
- **Monday, April 3,**– Last day to withdraw from one or all classes with a “W”. (This can be done through WebReg) For more information, see the registrar's website <http://registrar.camden.rutgers.edu/>
- **Saturday, March 11, 2023 – Sunday, March 19, 2023** – Spring Break
- **Wednesday, May 1, 2023** – Last day of classes
- **Friday May 4, 2023 – Wednesday May 10, 2023** - Final Exam Period

### **Discussion Board Activity:**

There will be specific discussion board activities for each module in this course.

Discussions may involve any combination of prepared materials, journal articles, textbook readings, problems, videos, or other resources. During the week of discussion activity, students are expected to create at least one Discussion Thread by Day 5 (Friday) of each week that a discussion topic is assigned and then by Day 7 (Sunday) have responded to at least one other posted thread by other students in the class. All postings including responses are to be substantive and further the discussion of the topic of interest.

Postings on the discussion board must reflect student's reading and comprehension of the assigned readings and/or related discussion activity. Discussion postings must reflect the ability to synthesize concepts presented through writing at a college level. The minimum length of a post is 100 words not including references listed. In addition to these specific assigned discussions, there will also be a general class Discussion for discussing issues related to the class, but these will not be graded.

### **Grading:**

The assignment of final grades, the course requirements will be weighted approximately as follows:

Syllabus test .....	2%
Homework.....	10%
First exam.....	22%

Second exam .....	22%
Team Project .....	30%
Discussion .....	14%

### Grade Ranges:

- A : Highest grade (90% and above)
- B+: Work of distinction (85% to 89.9%)
- B: Work of distinction (80% to 84.9%)
- C+: Average work (75% to 79.9%)
- C: Average work (70 % to 74.9%)
  
- F: Failure without credit (Below 69.9%)

You are free to discuss any part of the course materials with your classmates. However, you are **not allowed** to discuss (i.e., receive nor give any assistance on) any part of the Mini-Exams or Case with anyone, except with the professor. If any **cheating** is found, I will seek the **most severe sanctions available** (i.e., at the minimum, you will receive an “F” grade for the course).

### **Exam Policy:**

The format and policy for each Exam are as follows:

- 1). All Exams will be posted by **noon on the Wednesday** of the week of the exam and has to be completed by **midnight Sunday of the same week**.
  - a) **Syllabus Test will be posted by noon on Tuesday, Jan 17, 2023 and must be completed by midnight Sunday, January 22, 2023**
  - b) **Exam 1 will be posted by noon on Wednesday, Feb. 20, 2023 and must be completed by midnight Sunday, Feb 25, 2023.**
  - c) **Exam 2 will be posted by noon on Wednesday, April 5, 2023 and must be completed by April 9, 2023 (Sunday) midnight.**

Any student who **did not** take the Exam during this time window will receive a **zero grade** for that exam.

- 2). You can take the exam only **once**. Once started, the Exam must be completed. That is, do **not** log out until you have finished the exam. Any unanswered question will automatically receive a zero grade for that question. Make sure you click the ‘Submit’ button after you have completed Exams.
- 3). You are allowed **up to three hours** to complete the exam. Hence, you **must start** the taking the exam by **9 p.m.** on Sunday so that you can use up to 3 hours and complete it by the midnight deadline.
- 4). Any student who **missed the exam**, without prior approval of the instructor or a compelling reason, will receive a **zero grade** for that exam.

**Exam Make-Up Policy:** Since you are given reasonable amount of time to work on the exams, make-ups are **very rarely** given. If you cannot take an exam by the scheduled deadline for a university-approved reason, you must give the professor a written notice at least one week in advance so that other arrangements can be made. If the situation does not allow for advance notification (for example, emergency hospitalization), please contact the professor as soon as possible after a missed exam. The faculty reserves

the right to request a written documentation to support your absence (such as a doctor's note or military orders).

## Online Schedule of class activities for FSA, Spring, 2023

Week beginning	Reading	Topic	Homework Assignment due	remarks
Jan 17	Module 1	Framework for Analysis and Valuation		
Jan 23		<b>Syllabus test: Posted: by Noon, Jan 17. 2023 Due: Midnight Jan 22, 2023</b>		
Jan 30	Module 2	Review of Business Activities and Financial Statements	Module 1: P1-43	
Feb, 6	Module 3	Profitability Analysis and Interpretation	Module 2: P2-49, P2-51	
Feb. 13	Module 4	Credit Risk Analysis and Interpretation	Module 3: P3-46	
Feb. 20		<b>Midterm I To be posted: by Noon, Feb. 20, 23 Due: Midnight, Feb. 25.2023</b>		Modules 1, 2 and 3
Feb. 27	Module 5	Revenue Recognition and Operating Income	Module 4: E4-29 P4-35(Walmart, Costco, Target only)	
Mar 6	Module 6	Asset Recognition and Operating Assets	Module 5: E5-44, P5-53	
March 13		Spring Break		
March 20	Module 7	Liability Recognition and Non-Owner Financing	Module 6: E6-40, P6-43	
March 20	Module 8	Equity Recognition and Owner Financing	Module 7: E7-40, P7-45	
March 27		<b>Midterm II To be posted: by noon, Apr. 5, 23 Wed. Due: Midnight, April 9, 2023</b>		Modules 4,5,6 & 7
April 3	Module 9	Incorporate Entities	Module 8: P8-52, P8-55	
Apr. 10	Module 10	Analyses of Leases, Pensions, and Taxes.	Module 9: P9-48, P9-49	
April 17	Module 11	Forecasting financial statements	Module 10: P10-43	
April 24	Module 12	Cost of Capital and Valuation basics		
May 1		Term paper due (both Word, Excel and PPT files)		Due date: May 6

## Team Project

Financial Reporting and Analysis: Acct. 565  
School of Business, Rutgers University-Camden

Spring, 2023

### **Purpose of the Project:**

The purpose of the term project is to apply financial analysis and valuation concepts, tools, and techniques to an issue or situation of particular interest to you. In addition to preparing a written report in Word file, each student should be prepared to present her/his project in Power Point file and submit them for review. PPT file should be prepared the same way you would present your paper in face-to-face class. Since we are in online learning environment you might want to use voice threads and others visual techniques to maximize the efficiency of your presentation.

The term project will give you the opportunity to study, in depth, the implications of a specific accounting issue/controversy, a financial transaction (such as a management buyout, a merger, or acquisition), a particular circumstance (such as financial distress), a single firm or an industry. It will also give you the opportunity to develop your research, report writing, and presentation skills. Your project should evidence detailed analysis of financial statement data, including footnotes.

Your report will be improved if you apply the concepts, tools, and techniques of analysis developed in the course (such as a discussion of accounting issues and choices, and financial analysis, forecasting, and valuation techniques). *The project should also include some form of "benchmarking;" that is, a comparison to similar circumstances or firms.*

The written part of your project should be no more than 15 pages (double-spaced, word-processing font no smaller than 12-point, one-inch margins all around), including tables, graphs, appendices, and references. Also include any supporting financial statements and articles (these do not count as part of the 15-page maximum length). For PPT file I suggest you prepare around 10 slides by summarizing your project.

This is to learn how to measure the performance of companies by analyzing their financial statements. Show us that you have read and understood the required readings, links and attached files - quote them where appropriate.

### **Assignment:**

You are the CFO of a major company. Your CEO keeps an eye on the competition, and asks you to do the following analyses:

### **Instructions:**

Each team of 3 or 4 students will be randomly assigned a pair of US public firms in the same industry. These two firms are comparable in terms of size and other operating characteristics. You are allowed to switch one of the two firms if you prefer to use another firm but doing so requires instructor's permission in advance. Canvas System also randomly selects Group leader, who is responsible for the submission of final files to the Assignment folder.

- A) Select at least 10 most important financial ratios for your two companies and calculate each for the last 2 fiscal years using Excel. Explain why you selected these ratios. (a sample project in Excel file will be posted to the classroom early in the semester for your reference.) Create a comparison



chart for these ratios for 2 years for each company. Explain how you calculated each ratio. Explain what each ratio should mean to management. Using ratio analysis, compare two major competitors in the same industry.

All calculations should be shown, and all answers should be thoroughly explained.

It is useful to compare financial ratios for a company with financial ratios of its industry. Industry financial ratios can be found on Morningstar.com, Yahoo Finance and MSN Money.

There is an example posted in the file attached for your reference. The "Compare" worksheet shows comparison of ratios, however it does not include the required words about how the ratios were calculated nor does it include what the numbers mean for management.

You will note that the W and C worksheets are used to calculate average balance sheet numbers. These are useful when there is large year to year changes on the balance sheet.

If you obtain data from the SEC web site "Interactive Data, then you can copy and paste into Excel. If you use data from other web sites, it may or may not allow excel to calculate ratios. The company website usually lists Excel file of its annual report.

Create a single Excel file for your calculations and cut and paste relevant pages to your Word and/or PPT file. You need to submit this Excel File, together with the final report. Spend time to understand what you are trying to do and simplify your format, your calculations and approach. Think about which ratios are important and WHY?

You may obtain financial information and the companies' latest annual reports on the web directly from MSN Money or Yahoo Finance or Morningstar. However, it may be necessary to enter the numbers by hand into excel to allow Excel to calculate ratios. For additional information, look for the SEC Form 10-K link from one of the MSN Money, or Morningstar, or Yahoo Finance financial sites.

What can you tell from your analysis? What are the strengths and weaknesses of each company? Which is the stronger competitor? Give your reasons.

- B) Describe any industry specific accounting problems and practices. Tabulate and compare the accounting methods chosen by your firms in their most recent financial statements. How do these choices affect the ability to make comparisons among firms? Compare the most important financial ratios for your set of firms. How is this comparison affected by your firms' accounting choices? What do these ratios suggest about firm strategies within the industry? If you were making stock recommendations, would you recommend buy/hold/sell on any of these firms? Why, or why not?

You should support your analytical inferences with figures/computations, making valid or reasonable assumptions as necessary. Your analysis should explore (in depth) the risks, accounting and/or market returns, strengths, opportunities, uncertainties, threats, etc., that face the company.

- C). 3 files to be submitted by the last day of the class.

- a. 15-page Word file: the final report, including tables, graphs and references.
- b. 10-slides PPT file: summary of the project
- c. A single Excel file for ratio computations and industry comparison.

D). Group member and a pair of firms assigned.

Assigned firms to each group.

Group 1: Home Depot vs. Lowe's

Group 2: Coke vs. Pepsi

Group 3: Nike vs. Under Armor

Group 4: Costco vs. Walmart

Group 5: Google vs. Microsoft

Group 6: John Deere vs. Caterpillar

Group 7: GM vs. Ford

Group 8: Macys vs. Nordstrom (or any other major retail department store)

Group 9: Hilton vs. Marriott

Group 10: Amazon vs. EBay

Group 11: Starbucks vs. Dunkin

Group 12: Boeing vs. Lockheed Martin

Or any other pair of firms in the same industry, subject to instructor's approval