

Rutgers School of Business
Online MBA Financial Reporting & Analysis (FRA)
Accounting 53:010:565
Spring, 2025
(no pre-requisite is required).



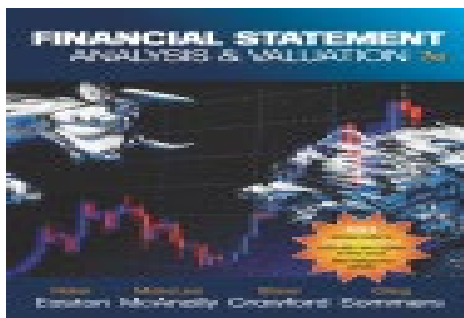
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Course Description & Objectives:

This course is designed to prepare you to interpret and analyze financial statements for tasks involving credit and security analyses, lending and investment decisions, 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, Crawford & Sommers, Cambridge Business Publishers (7th ed.) ISBN: 978-1-61853-625-9



Publisher: Cambridge Business Publishers
ISBN: ISBN: 978-1-61853-625-9

***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)

<https://mybusinesscourse.com/book/fsav7e> (click Preview)

Regular Reading of The Wall Street Journal

My Business Course(MBC):

You will also need access to 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.Spring.2025 from the top of Module Area of your Canvas.

Please reach out to the MBC support team below for any questions on MBC.(They are quick and reliable)

myBusinessCourse Support
Cambridge Business Publishers
630-686-2158
mbcsupport@cambridgepub.com

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 to 4 hours per credit per week)
- 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 instructor 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 the 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 to resolve 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 assignments for each session. *You will need access to www.MyBusinessCourse.com (MBC) where you can watch demos & eLectures and where you will complete all of your assignments. Once you completed assignment in MBC, make sure your score is properly transported to Canvas Grade folder after each module.) **There will no deadline extension.***

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 to reply to all e-mails within 24 hours. Please do not expect an 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, the best practice is to call the student vs. giving out your phone number. If you have a question of a quantitative nature that requires 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 about 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 wrongdoing.
- 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 any of 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, check: <http://registrar.camden.rutgers.edu/>):

- **Tuesday, Jan. 21, 2025** – First day of Spring 2025 semester
- **Thursday January 30, 2025**– Last day to drop a class without a “W” (this can be done through WebReg)
- **Wednesday, May 5, 2025**– 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
- **Spring Break: Saturday, March. 15, 2025 – Sunday, March 23, 2025**
- **Wednesday, Monday, May 5, 2025** – Last day of classes
- **Final Exam period: Thursday May 8, 2025 – Wednesday, May 14, 2025** - 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. Discussion posting is a kind of attendance check for me. As long as you satisfy the requirements you will get the credits. **There will be no deadline extension**

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:

Obtaining zero credit in any of Exams, term project, will result in a failure in the course.

Syllabus test	2%
Homework.....	15%
First exam.....	20%
Second exam.....	20%
Team Project	30%
Discussion	13%

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 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, January 22, 2025 and must be completed by midnight Feb. 2, 2025**
- b) **Exam 1 will be posted by noon on Wednesday, Feb. 12, 2025 and must be completed by midnight Sunday, Febt. 16, 2025.**
- c) **Exam 2 will be posted by noon on Wednesday, April 2, 2025 and must be completed by April 6, 2025 (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** 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 a reasonable amount of time to work on the exams, make-

ups are **rarely** given. If you cannot take an exam by the scheduled deadline for a university-approved reason, you must give the professor 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 written documentation to support your absence (such as a doctor's note or military orders).

Artificial Intelligence Use :

AI and LLMs are powerful tools that can enhance learning and research. This policy outlines the acceptable and unacceptable uses of AI and LLMs in this course.

Acceptable uses of AI and LLMs:

- You may use AI and LLMs to learn about topics and practice applying techniques covered in this course. For example, you may use AI and LLMs to generate data, graphs, formulas, or examples that help you understand the concepts and methods taught in this course.
- You may use AI and LLMs to supplement your own research and analysis, as long as you clearly acknowledge the sources and methods used and explain how you verified and evaluated the results.

Unacceptable uses of AI and LLMs:

- You may not use AI and LLMs to draft written assignments . All written work must be your own original work, based on your own research and analysis, and written in your own words. Using AI and LLMs to generate or paraphrase text is considered plagiarism and will result in a zero grade and possible disciplinary action.
- You may not use AI and LLMs during quizzes and exams for this course. All quizzes and exams must be completed by yourself, without any external assistance or resources. Using AI and LLMs to answer questions or solve problems is considered cheating and will result in a zero grade and possible disciplinary action.

By enrolling in this course, you agree to abide by this policy and the academic integrity standards of this institution.

Understanding LLMs

LLMs are trained on vast amounts of content that allows them to predict what word should come next in written text, much like the autocomplete feature in search bars. When you type something (called a prompt) into ChatGPT or another LLM, it tries to extend the prompt logically based on its training. Since LLMs like ChatGPT have been pre-trained on large amounts of information, they're capable of many tasks across many fields. However, there is no instruction manual that comes with LLMs, so it can be hard to know what tasks they are good or bad at without considerable experience. Keep in mind that LLMs don't have real understanding and often make mistakes, so it's up to the user to verify their outputs.

Challenges of working with LLMs

- **Fabrication.** AI can lie and produce plausible sounding but incorrect information. Don't trust anything it says at face value. If it gives you a number or fact, assume it is wrong unless you either know the answer or can check with another source. You will be responsible for any errors or omissions provided by the tool. It works best for topics you understand and can verify. Larger LLMs (like GPT-4) fabricate less, but all AIs fabricate to some degree.
- **AI bias.** AI can carry biases, stemming from its training data or human intervention. These biases vary across LLMs and can range from gender and racial biases to biases against particular viewpoints, approaches, or political affiliations. Each LLM has the potential for its own set of biases, and those biases can be subtle. You will need to critically consider answers and be aware of the potential for these sorts of biases.
- **Privacy concerns.** When data is entered into the AI, it can be used for future training. While ChatGPT offers a privacy mode that claims not to use input there for future AI training, the current state of privacy remains unclear for many models, and the legal implications are often uncertain. Do not share anything with AI that you want to keep private.

Best practices for AI interactions

When interacting with AI, remember the following:

- **You are accountable for your own work.** Consider every piece of advice or explanation given by AI critically and evaluate that advice independently.
- **AI is not a person, but it can act like one.** It's very easy to read human intent into AI responses, but AI is not a real person responding to you. It is capable of a lot, but it doesn't know you or your context. It can also get stuck in a loop, repeating similar content over and over.
- **AI is unpredictable.** AI has trained on billions of documents on the web, and it tries to fulfill or respond to your prompt reasonably based on what it has read. But you can't know ahead of time what it's going to say. The very same prompt can get a radically different response from the AI each time you use it. That means that your classmates may get different responses, as will trying the prompt more than once yourself.
- **You are in charge.** If the AI gets stuck in a loop and you're ready to move on, then direct the AI to do what you'd like.
- **Only share what you are comfortable sharing.** Do not feel compelled to share anything personal, even if the AI asks. Anything you share may be used as training data for the AI.
- **Try another LLM.** If the prompt doesn't work in one LLM, try another. Remember that an AI's output isn't consistent and will vary. Take notes and share what worked for you.

To communicate more effectively with AI:

- **Seek clarity.** If something isn't clear, don't hesitate to ask the AI to expand its explanation or give you different examples. If you are confused by the AI's output, ask it to use different wording. You can keep asking until you get what you need. Interact with it naturally, asking questions and pushing back on its answers.
- **Provide context.** The AI can provide better help if it knows where you're having trouble. The more context you give it, the more likely it is to be useful to you. It often helps to give the AI a role: "You are a friendly teacher who explains economics concepts to college students in introductory courses," for example.
- **Don't assume the AI is tracking the conversation.** LLMs have limited memory; if it seems to be losing track, remind it of what you need and keep asking it questions.

Online Schedule of class activities for FSA, Spring, 2025

Week beginning	Reading	Topic	Homework Assignment due	remarks
Jan 21	Module 1	Framework for Analysis and Valuation		
		Syllabus test: Posted: by Noon, Jan 22, 2025 Due: Midnight Feb. 2, 2025		
Jan. 26	Module 2	Review of Business Activities and Financial Statements	Module 1: P1-43 P1-45	
Feb. 2	Module 3	Profitability Analysis and Interpretation	Module 2: P2-49, P2-51	
Feb 9	Module 4	Credit Risk Analysis and Interpretation	Module 3: P3-47	
Feb. 17		Midterm I To be posted: by Noon, Feb. 12, Due: Midnight, Feb. 16, 2025		Modules 1, 2,3
Feb. 23	Module 5	Revenue Recognition and Operating Income	Module 4: E4-24 E4-28	
Mar. 2	Module 6	Asset Recognition and Operating Assets	Module 5: E5-44, P5-55	
Mar. 9	Module 7	Liability Recognition and Non-Owner Financing	Module 6: E6-40, P6-51	
		Spring Break: From Mar. 15 thru March 23, Sunday		
March 16	Dell Case		Discussion posting	
Mar. 24	Module 8	Equity Recognition and Owner Financing	Module 7: E7-38, 7-43	
		Midterm II To be posted: by noon, Apr. 2, 2025, Wed. Due: Midnight, Apr. 6, 2025		Modules 4,5,6 & 7
Mar. 30	Module 9	Incorporate Entities	Module 8: P8-45, P8-48	
	April 1	Team work agreement		due
Apr 7	Module 10	Analyses of Leases, Pensions, and Taxes.	Module 9: P9-33, P9-34	
Apr. 14		Forecasting financial statements	Module 10: P10-43	
Apr. 21				
May 8		Term paper due (Word, Excel and PPT files)		Due date:

Team Project

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

Spring 2025

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. **There will be no individual project.**

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:

Team agreement:

A sample of agreement is posted to the term project module of your Canvas. This agreement is due by April 1, 2025. The team leader should post the agreement to the term project area. The signed agreement must be uploaded to the Final Project Area by the due date by the Team leader.

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 (for Group leader click on "People" and "group").

- A) Select at least 10 most important financial ratios for your two companies and calculate each for the last 2 fiscal years using Excel. You Should justify the selection of these 10 ratios(if you choose inventory turnover ratio for utility firms, you are making a big mistake for example) Explain why you selected these ratios. (a sample project in Excel file will be posted to the classroom early in the semester for your format reference, not the content!!) Create a comparison chart for these ratios for 2 years for each company. Explain what each ratio should mean to management. Using ratio analysis, compare two major competitors in the same industry. Please go over Module 3 carefully when you do this part of selection.

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. Again, this is just for the format reference, not the content reference.

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. This is for your format reference.

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 Form10-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 May 5th. The Team leader should upload the following files on behalf of the entire team members (please click on People and then Team on your Canvas Menu)

- 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 numbers 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: Hilton vs. Marriott

Group 9: Amazon vs. EBay

Group 10: Boeing vs. Lockheed Martin