

**CALIFORNIA STATE UNIVERSITY, FULLERTON  
MIHAYLO COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF FINANCE  
SPRING 2012**

***Finance 335 FINANCIAL ANALYSIS FOR INVESTORS AND LENDERS  
Section 01, Course number:15973***

<b>Instructor:</b> Laura Yue Liu	<b>Class Meets:</b> Tu/Th 2:30-3:45pm, SGMH 2508
<b>Office:</b> SGMH 5195	<b>Phone:</b> (657) 278-8426
<b>Office Hrs:</b> Tu/Th 1:20-2:20pm	<b>E-mail:</b> yueliu@fullerton.edu

**Course Description**

This is a lecture-discussion course on the interpretation and use of financial statements for decision-making by equity investors and lenders. It emphasizes the role of financial accounting data in providing information about the underlying economic performance of the firm. It illustrates how the discretion provided by the Generally Accepted Accounting Principles (GAAP) allows managers to manipulate financial data in order to report the firm's performance in a way that is different from its true performance.

**Course Objective**

To provide the student with an understanding of what the firm's financial statement accounts mean, and how managers can use GAAP to mislead investors and lenders about the firm's current and future performance. Financial statements are constructed using estimates and assumptions that are typically not understood by those using them to better determine how well the firm is performing. This course will help the student understand what these assumptions are and how the flexibility provided by GAAP can affect the interpretation of financial statement accounts and make financial ratios meaningless. The goal is to help the student grasp how to interpret financial statements so that their economic significance can be separated from the accounting policies and the accounting tricks used by managers that hide the economic meaning of financial statement accounts.

**Required Materials:**

1. *Understanding Financial Statements*, Ninth Edition, by Fraser and Ormiston. Pearson Prentice Hall.
2. Access to Titanium and a valid email account  
All class materials, grades, and announcements are going to be posted on Titanium. Lecture notes will be posted well before each class. Students are expected to bring those notes to class every time.  
Please refer to <http://oasis.fullerton.edu/tutorials.aspx> for FAQs about accessing and using Titanium.

**Useful Materials:**

A subscription to *The Wall Street Journal*

**Prerequisites: Finance 320 and Accounting 201A**

If the student has not taken these courses prior to enrolling, he/she is not prepared to take Finance 335 and will be dropped from this class.

**Evaluation Procedure**

20%	Midterm Exam #1	Tuesday, March 13
20%	Midterm Exam #2	Tuesday, April 17
25%	Final Exam	Thursday, May 17, 2:30-4:20pm, SGMH2508
5%	In-class Assignments	Unannounced
15%	Group Project Presentation	Week of May 1 and May 8
15%	Group Project Write-up	Due on the day of presentation

1. Plus /minus grading will be used in this course. You are guaranteed at least the following grade if your weighted average course score falls within the following percentiles:

Letter Grade	GPA	Suggested Percentage Ranges
A+	4.0	98-100%
A	4.0	94-97
A-	3.7	90-93
B+	3.3	88-89
B	3.0	84-87
B-	2.7	80-83
C+	2.3	78-79
C	2.0	74-77
C-	1.7	70-73
D+	1.3	68-69
D	1.0	64-67
D-	0.7	60-63
F	0.0	less than 60%

2. Limited notes will be allowed for all exams.
3. No make-up exams will be given. Valid excuses (typed, signed and verified) for missed exams will be considered in the final grading. You must take each exam with the section in which you are enrolled.
4. Occasionally during the lectures, I may give in-class assignments, which are collected and graded for completeness only. No late submission will be accepted.
5. Practice problems will be assigned throughout the course. Those assignments will not be collected in class, but it is expected that the student will complete these in order to be prepared for class discussion, understand the material, and perform well on the exams.
6. The purpose of the group project is to help students learn the basic skills required to analyze the financial statements of a real company. Each group will consist of 4 to 5 students. Details of the project will be provided on the blackboard.

**Mihaylo College of Business and Economics Assessment Statement**

The main purpose of the degree program at Mihaylo College of Business and Economics (MCBE) at CSU Fullerton is to provide you with the knowledge and skills that prepare you for a successful career in business. In order to assist us in achieving this goal, we will

use a number of assessment tools to track your progress throughout the MCBE curriculum. Please expect to participate in MCBE assessment activities in several of your courses while at MCBE. As you do so, you will assist us in identifying our program's strengths and weaknesses as well as areas for potential improvement. In other words, you are making an important investment in the value of your degree.

### **Course Policy**

1. Dates and terms of withdrawal from this class conform to the withdrawal policy of CSUF.
2. CSUF student ID may be required during exams; exams will only be given to enrolled students that have a valid picture ID.
3. The University requires students with disabilities to register with the Office of Disabled Student Services (DSS), located in UH-101 and at (657) 278-3117, in order to receive prescribed accommodations appropriate to their disability. Students requesting accommodations should inform the instructor during the first week of classes about any disability or special needs that may require specific arrangements/accommodations related to attending class sessions, completing course assignments, writing papers or taking examinations. DSS website: <http://www.fullerton.edu/disabledservices/>
4. Academic dishonesty, as defined by University policy in the 2009-2011 CSUF Catalog, will result in appropriate University level disciplinary and academic action. The Department of Finance requires that students engaging in academic dishonesty receive a grade of F. In addition, Department policy requires that all individuals engaging in academic dishonesty be reported to the Vice President, Student Affairs. Academic dishonesty takes place whenever a student attempts to take credit for work that is not his/her own or violates test-taking rules. Examples of academic dishonesty during test taking include looking at other student's work, passing answers among students or using unauthorized notes. When students sitting next to each other have identical answers, especially the same mistakes, this may indicate academic dishonesty.

## TENTATIVE COURSE OUTLINE

Date(s)	Topics	Chapter
1/24	Introduction to Finance 335	
1/26, 1/31	1. Overview of Financial Analysis	1
1/31, 2/2, 2/7, 2/9	2. Generally Accepted Accounting Principles, and Accrual Accounting	1
2/14, 2/16, 2/21, 2/23, 2/28	3. Financial Ratios and Dupont Analysis	6
3/1, 3/6, 3/15	4. Components of the Balance Sheet	2
3/8	Review of Midterm #1	Review
<b>3/13</b>	<b>Midterm Exam #1 (Topics 1, 2, and 3)</b>	<b>Exam</b>
3/20, 3/22, 4/3	5. Components of the Income Statement	3
3/26 – 4/1	Spring Recess	
4/5, 4/10, 4/19	6. Guide to Earnings and Financial Reporting Quality	5
4/12	Review of Midterm Exam #2	Review
<b>4/17</b>	<b>Midterm Exam #2 (Topics 4 and 5)</b>	<b>Exam</b>
4/24, 4/26	7. Analyzing the Statement of Cash Flows	4
5/1, 5/3, 5/8	Group Projects Presentations (Write-up Due on the Day of Presentation)	
5/10	Review of Final Exam	Review
<b>5/17 2:30-4:20pm</b>	<b>Final Exam @ SGMH 2508 (Topics 6 and 7)</b>	<b>Exam</b>