

AC 814 E1
Financial Statement Analysis
Spring 2019

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Class Time: Wed 6:30–9:15 PM (HAR 324)
Office Hours: Wed 5:00–6:15 PM
TA: Kumar Paul (rkpaul@bu.edu)

Overview This course will develop your ability to interpret and analyze firm's financial reports, with an emphasis on investor decision-making. It takes an integrated perspective, using elements of strategy, finance, and accounting; however, the primary focus is on the informational role of accounting.

There are **four primary learning objectives:**

- (1) provide and apply a framework for financial analysis and valuation
- (2) examine key financial reporting topics from an analysis perspective:
 - a. revenue recognition
 - b. asset recognition and measurement
 - c. leases/off-balance sheet financing
- (3) gain facility with constructing and interpreting financial ratios
- (4) understand basic valuation approaches, particularly using accounting data

Materials: **Textbook:** Easton et al. (2017) *Financial Statement Analysis and Valuation*, 5e
Cases: Assigned cases are in the course packet.

Website: All other necessary materials (slides/problem sets/articles) will be available on the course website: <http://questromtools.bu.edu>.

Grading:

Exam 1 (in class)	25%	<u>Note:</u> exams are <u>closed book</u> (a double-sided 8½ x 11 note sheet is allowed)
Exam 2 (in class)	25%	
Valuation Project	25%	
Participation	25%	

Participation: [BU code of conduct](#) applies. More generally, standard “good behavior” applies: **consistent/on-time attendance** (please let me know if you cannot attend or have to arrive late/leave early – else your participation grade will go down), **preparation of class/case materials** (particularly case assignments), **no disruptive behavior** (cell phones/web surfing). I am mindful of how identity and culture impact the course content and every student’s perception thereof. I strive to make everyone feel welcome to participate in class, regardless of their background and personality.

Course Outline

Session	Date	Module	Topic	Assignment
1	01/23	Introduction	Course Overview	<u>Text:</u> Ch 1
		Business Analysis	Strategy → Accounting	<u>Case:</u> <i>Netflix</i>
2	01/30	Accounting Analysis	Revenue Recognition	<u>Text:</u> Ch 5
		"	"	<u>Case:</u> <i>Online Revenue</i>
3	02/06	"	Asset Recognition	<u>Text:</u> Ch 6
		"	"	<u>Case:</u> <i>Polymedica</i>
4	02/13	"	Off B/S – Leases	<u>Text:</u> Ch 10
		"	Review Session	
5	02/20	EXAM 1 (in class)		
		In-Class Work on Project		
6	02/27	Financial Analysis	Profitability Analysis	<u>Text:</u> Ch 3
		"	"	<u>Case:</u> <i>Cracker Barrel</i>
7	03/06	"	Credit Risk Analysis	<u>Text:</u> Ch 4
		"	"	<u>Case:</u> <i>Chesapeake/Valeant</i>
8	03/20	Prospective Analysis	Forecasting	<u>Text:</u> Ch 11
		"	"	<u>Case:</u> <i>Krispy Kreme</i>
9	03/27	Prospective Analysis	Valuation: Residual Income	<u>Text:</u> Ch 12, 14, 15
			Review Session	
10	04/03	EXAM 2 (in class)		
		In-Class Work on Project		
11	04/10	Prospective Analysis	Valuation: Residual Income	<u>Case:</u> <i>Coca-Cola</i>
		"		
12	04/24	"	IPO and M&A Valuation	<u>Case:</u> <i>LinkedIn</i>
		"		
13	05/01	Summary	Course Summary	

Accommodations for students with special needs (including but not solely for in-class exams): In keeping with University policy, any student with a disability who needs or thinks they need academic accommodations must call the Office of Disability Services at 353-3658 or stop by 19 Deerfield Street to arrange a confidential appointment with a Disability Services staff member. Accommodation letters must be delivered to me in a timely fashion (within two weeks of the date on the letter and not later than two weeks before any major examination). Please note that accommodations will not be delivered absent an official letter of accommodation.