

PEPPERDINE UNIVERSITY
THE GEORGE L. GRAZIADIO
SCHOOL OF BUSINESS AND MANAGEMENT

Professor Don Rudkin

MBAM 632.14

Business Analysis Using Financial Statements

Summer – Session A

Thursdays

Malibu Campus

SYLLABUS – updated

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Course description

This course will focus on using financial statements to analyze a firm's financial health, performance and future prospects including valuation methods and credit analysis. The course will include the use of stock market related information, analysis of critical accounting areas and methods of detecting earnings management including corporate governance issues.

Course objectives

Specific course objectives include:

- ratio analysis
- use of market information
- critical accounting areas
- credit analysis
- equity investment analysis
- detecting earnings management including fraud
- corporate governance and ethics

Text and Course Materials

- 1) Gary Giroux, Core Concepts of Financial Analysis, a Users Approach (John Wiley & Sons, Inc.)
- 2) Gary Giroux, Detecting Earnings Management (John Wiley & Sons, Inc.)

You should obtain your class materials at least two weeks prior to the start of the term so that you can be ready for the first day of class.

Some supplemental readings will be handed out in class or made available using the Pepperdine portal.

Grading

Letter grades will be based on:

Midterm	25%
Final Exam	50%
Project	15%
Class participation	10%
Total	100%

The project, described below, involves the analysis of data and submission of a paper.

If you miss three classes, you will lose one letter grade in the class. For each additional class you miss, you will lose one additional grade.

The grading system is:

A	90%-100%	Superior work
B	80%-89%	Solid Graduate level work
C	70%-79%	Below Graduate level work
D	60%-69%	
F	below 60%	

Within the grading categories, plus and minus grades are available as shown in the school catalog. If necessary, I will adjust the grade cutoffs to obtain a reasonable distribution of grades.

Grades in this class typically average 3.3 on a 4.0 scale.

Attendance Policy

Students must fully attend the first class session. A student who does not attend the first class session or who arrives late or who leaves early will be dropped from the class.

Attendance at all class meetings is expected. Assignments may be given in class and be due the next class.

I recommend that you exchange phone numbers with other students. If you miss a class, these other students, as your partners, can update you on assignments and the class.

Class procedures

I use a variety of approaches. In-class activities include lecture, discussion, question and answer sessions (Socratic method).

It is important that you come to class prepared. You are expected to participate effectively in class discussions. The reading assigned for a day, along with any assigned homework problems, should be completed before class. On average, you should allow two hours of preparation time for each hour of class time. In individual cases, more or less time may be required.

If you are unprepared for class, you should turn in a note at the start of class. If I do not receive a note, I will assume you are prepared.

Examinations

Exams will be given at the times indicated on the schedule of classes.

If you must miss an exam for a legitimate reason as defined in the university rules, contact me in advance of the exam and I will explain your options. I require a written explanation for an absence from an exam.

Workload

Beginning with the first week of class, the workload will be extremely heavy. You will find that if you miss a class, you will fall behind and your grade will suffer. If it is likely that you will miss two classes, you should drop the course. It will be extremely difficult to obtain a passing grade.

Academic Dishonesty

Academic honesty is expected. Violations of academic honesty will lead to sanctions as described in the university catalog.

Revisions to Syllabus

All dates, assignments, and details listed in this syllabus are tentative and based on my expectations regarding the progression of the course. I reserve the right to change this syllabus. Any changes will be announced in class. If you need to miss a class, you are responsible for finding out about class announcements.

Office hours

You can schedule a meeting with me. I am also available during breaks and before and after class.

Telephone hours

Please feel free to call anytime between 9 AM and 5 PM. If I do not answer, please leave a message and I will return your call.

If I fail to return your call or email message within 24 hours, please telephone me because there may be a technical failure.

Schedule of Classes

Week	Topics	Read chapters	Homework
May 1	“Financial Analysis” text:		To be assigned in class
	What is financial analysis	1	
	The financial environment	2	
	The financial statements	3	
	Quantitative financial analysis	4	
May 8	Multiperiod quantitative financial analysis	5	
	Quantitative financial analysis – market information	6	
	An accounting analysis perspective	7	
	Accounting analysis: specific issues #1	8	
May 15	Accounting analysis: specific issues #2	9	
	Capital structure and credit risk	11	
	Credit analysis	12	
	Equity investment analysis	13	
May 22	Mid term		
	“Detecting earnings management” text:		
	What is earnings management	1	
	Companies in trouble	2	
	What is in a financial report	3	
	The balance sheet	4	
May 29	The income statement Part I	5	
	The income statement Part II	6	
	Cash flows and alternative		
	Definitions of the bottom line	7	
	Evaluating trends, norms and quarterly data	8	
June 5	Business combinations and related issues	9	
	Corporate governance, compensation and other employee issues	10	
	Risk management, derivatives and special purpose entities	11	
June 12	Final		

Team Project

In the first class students will be asked to form teams of two or three students per team.

Each team will select an industry and each team member will select a public company in the industry for analysis.

Each student will be asked to write an executive summary, evaluate financial data and provide a complete analysis of the selected company.

Projects are due on June 12, 2008.