**HARVARD UNIVERSITY**

Division of Continuing Education 7-26-2015 **Preliminary**

MGMT E-2600 F 2015 **Financial Statement Analysis** (13385) Monday 5:30 p.m. to 7:30 p.m. Location: Sever 213

## Objective

Our purpose is to learn financial statement analysis from the point of view of the primary and everyday users of financial statements: company managers, lenders, and stock analysts.

Corporate managers, and those training to be managers, also require an understanding of how financial statements provide information regarding an enterprise. Further, business people who prepare, audit, or interpret financial information will benefit from this course.

**Faculty**

William E Seltz Department of Accounting and Finance (Rtd), University of Massachusetts/Boston

Lecturer in Accounting (Rtd), Boston University and Bentley University

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Prof. Seltz will meet with students before class or by appointment.

Teaching Assistant Akbar Khuwaja [akhuwaja@fas.harvard.edu](mailto:akhuwaja@fas.harvard.edu)

TA Sessions Monday 4:30 in Sever TBA; Online Discussion Group TBA

## Texts

**Understanding Financial Statements**, 11th Ed., by Fraser and Ormiston (Required: Principal focus of course)

Pearson Prentice Hall 2016 ISBN 13: 978-0-13-387403-7; Harvard Coop www.pearsonhighered.com/fraser

[Obtain Errata from publisher Companion Website if present and correct text]

Applied Materials (AMAT) Obtain from PrenHall web site above [Student Download Page]:

**Applied Materials 2013Form 10-K (Ignore Annual Report**). Also Excel Template (Microsoft Office 2010.

Suggest place all on laptop; print 2013 Form 10-Kt.

[These will be for regular reference] Must obtain on own and bring to class September 14.

[Also, what you need is at class site] [Also, try to find same AMAT items at [www.sec.gov](http://www.sec.gov) under Edgar]

## Prerequisite

Introductory financial accounting principles course (e.g., MGMT E-1000) or equivalent. Additional accounting/finance background and coursework will be extremely beneficial. It is desirable to have available your introductory financial accounting text for regular reference.

**Comment**

This course does not address the theory of, nor the quantitative techniques used in, valuing securities; nor does it presume or profess that financial statement analysis is the exclusive or even the most important factor on which investment decisions are or ought to be based. Instead, the course demonstrates how financial information can be used to evaluate a company’s past performance and present circumstances to be able to contemplate what might transpire in the future. At that point, the mission of financial statement analysis is accomplished.

**Student Preparation and Participation**

Class members are urged to read assigned chapters and work assigned cases and problems in **advance** of the in-class lecture. Discussion of cases and problems will be a significant component of our course. Active participation and interaction enhances learning for all.

**Instructions To View Class Site/Access Fraser Solutions/Discussion Group**

Note: These **solutions** are owned and **Copyrighted by Prentice Hall, Inc**., are only available to current students in MGMT E-2600, are protected, and may not be reproduced or used for any other purpose.

Go To Class Site: [www.courses.fas.harvard.edu/ext/13385](http://www.courses.fas.harvard.edu/ext/13385) or http://isites.harvard.edu/????????

Log in: Note that items at this site may change.

Click on: Click on Fraser 11e Selected EOC Solutions, as well as other items.

## Fraser 11e Publisher Website: Access for Student information

<http://www.pearsonhighered.com/fraser/> Go to 11e Website; see Ch 1 and Internet Links and other items.

**Applied Materials (AMAT)**

You are responsible to obtain AMAT items as indicated above. We will regularly make reference to them as real-world examples. Certain homework will be assigned from them, occasionally labeled AMAT-1, etc.

**Evaluation (Tentative)** Points

Hand-Ins (Best 12 of 14) 120 To earn some form of an A, 90% of available points

Mid Term 70 are needed; for a B, 80% are needed.

Report – C5.3 Facebook, Inc. 50 For example, 93% would be an A-; 87% a B+.

Final Exam 70 Late work will receive lower credit.

Total (Estimated) 310

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It is expected the mid-term and final will be multiple choice and problems with a take home part for each.

Hand-Ins must be submitted **in-class on the date due**; if absent, ask classmate to hand-in.

**Report**

Each class member shall submit a report on C5.3 Facebook (See Ch 5 Fraser text). The Report should be prepared using the Fraser template software (for 1a) and word processor or spreadsheet software (for 1b to 1f and 2 and 3: limit to 3 pages for this part). No cover sheet; no file folder. Use 8 ½ by 11 paper. Name on front. Staple in upper left hand corner. Use requirements of text (p267), as modified below; additional requirements may be given in class. Format will be per “Required” and Below and MUST be **labeled** in order as follows:

Example: 1a Fraser Template Information (Print all sheets)

1b Evaluation of Short Term Liquidity

1c Evaluation of Operating Performance and Efficiency

1d Evaluation of Capital Structure and Long-Term Solvency

1e Evaluation of Profitability

1f Evaluation of Market Measures (Ratios)

2 See example in text p 237, use “bullet” format:

LIST “Strengths” and then “Weaknesses”; based on PRIOR evaluations.

3. Provide opinion for:

* 1. Investment Potential (Would you buy stock; discuss)
  2. Creditworthiness (Would you lend money; discuss)

**General Comment**

For all of us, learning is a never-ending process, and is best accomplished in a sharing environment, where we communicate with one another both in class and out. I encourage you to work together, and though submitted work must be your own, please communicate with classmates so all may optimize the value of our course.