

Capital University of Economics and Business

Overseas Chinese College

Course Syllabus

Year and Semester	2024 Spring					
Course Name	Financial Reporting and Analysis I					
Course Code	CFA105					
Course Type	<input type="checkbox"/> General Education (Required) <input type="checkbox"/> Basic Disciplinary Course <input checked="" type="checkbox"/> Professional Course (Elective) <input type="checkbox"/> Professional Course (Advanced)		<input type="checkbox"/> General Education (Elective) <input type="checkbox"/> Professional Course (Required) <input type="checkbox"/> Professional Course (Expanded)			
Course Credits	4					
Course Hours	Total Class Hours	64	Lecture Hours	64	Experiment (Computer) Hours	0
Applicable object	<input checked="" type="checkbox"/> Freshman <input type="checkbox"/> Sophomore <input type="checkbox"/> Junior <input type="checkbox"/> Senior					
	<input type="checkbox"/> Business Administration (Accounting)					
	<input checked="" type="checkbox"/> Information Management and Information Systems (Finance)					
Prerequisites	Principles of Accounting					
Instructor	Xiaoshu Qin					
Contact Information	Office: C203					
	Tele: (010) 8395 1085					
	Email: xiaoshumt@126.com					
Office Hour	M11:35-12:20 T11:35-12:20 W9:55-12:20 TH11:35-12:20					
Learning Centre	M9:55-11:30 T18:00-20:00 (online)					
Grade/Section	2023CFA					
Course Time/Place	M8:00-9:35/TH8:00-9:35, A203					
Textbook	Book 3: Financial Statement Analysis and Equity Investments SchweserNotes 2024 CFA Level I					

Reference Book

Portfolio Management, Corporate Issuers and Financial Statement Analysis, CFA Program Curriculum 2024 Level 1-Volume 2, ISBN 978-1-953337-50-4

Financial Statement Analysis and Equity Investments, CFA Program Curriculum 2024 Level 1-Volume 3, ISBN 978-1-953337-51-1

Course Description

CFA105 Financial Reporting and Analysis is an elective professional course for freshman, which is the important course for CFA Program. The aim of the course is to use the information in a company's financial statements, along with other relevant information, to make economic decisions. Students are expected to be analysts to use financial statement data to evaluate a company's past performance and current financial position to form opinions about the company's ability to earn profits and generate cash flow in the future. As part of this process, they are also expected to identify risk factors that affect the company's future profitability and position. Students are expected to develop fundamental knowledge of financial statements analysis and employability to improve work effectiveness.

Student Learning Objectives

On successful completion of this exam, candidates should be able to:

Knowledge	<ul style="list-style-type: none"> • Explain the principal information sources used to evaluate a company's financial performance; • Describe primary financial statements (income statement, balance sheet, cash flow statement, and statement of changes in equity) in addition to notes to these statements and management reporting; • Summarize the general framework for conducting financial statement analysis.
Capability	<ul style="list-style-type: none"> • Apply the process of recording a business's activities through the accounting process including necessary accruals and adjustments; • Explain the purpose, elements of, construction, pertinent ratios, and common-size analysis for each major financial statement; • Demonstrate the application of DuPont analysis of return on equity and calculate and interpret effects of changes in its components.
Mindset	<ul style="list-style-type: none"> • Distinguish ethical from unethical behavior in personal and professional contexts; • Resolve ethical dilemmas using an ethical framework; • Apply critical thinking in the process of decision making.

Website Source

1. <https://www.cfainstitute.org>
2. <https://www.sec.gov>

Teaching Methods

This course contains lectures, class discussions, homework, quizzes, presentation and exams. Textbook content will be introduced first. Then real case and practice questions will be delivered to students as a way to test their understanding of the knowledge. This will require individual or group assignment in or after class.

Grade Criterion

Component	Weight	Description
Final Exam	20%	A cumulative final examination will be given based on all of the contents of the class. The exam paper may be composed essay questions, problems,

		and preparation of financial statements. Students should rely primarily on homework assignments to give them a sense of what they may see for material on exams.
Mid-Term Test	20%	A cumulative midterm test will be given based on all of the contents that have been taught in class. The exam paper may be composed of multiple-choice questions, short answer questions, essay questions.
Homework	20%	Assignments will be collected at the clearly stated date. Late assignments will not be accepted. The graded assignments will be kept by the tutor for reference and won't be returned to students.
Quizzes	10%	There will be 2 quizzes during the semester. Quizzes may be announced in advance. It may also be used as a way to check the attendance. Quizzes will test your knowledge of both concepts and the application of those concepts.
Presentation	10%	The students will be divided into several groups to prepare a presentation. Each student is required to be involved in the presentation. The topics can be selected from the textbook or lectures. Each group need to finish a PPT related to the topic which is given and hand in the related resources to the teacher before the presentation.
Participation	10%	Individuals will be asked to participate individually in a question and answer at least 5timesduring the semester. The performances should be counted in their participation.
Attendance	10%	Refer to attendance policy listed below
Total	100%	

Detailed Grade Computation

	Before Midterm	After Midterm
Attendance	5%	5%
Participation	5%	5%
Homework	10%	10%
Quizzes	5%	5%
Presentation		10%
Mid-Term Test	20%	
Final exam		20%
Total	45%	55%

Assessment of Student Performance

☞ Self-Study and Reading ability Practice

Instructor will give out the chapters or the reference books to read and use class hours to have discussion; students should be able to show a proactive attitude and ability for self-study and reading. Knowledge and oral English will be elements of homework or presentation score.

☞ Homework

Students should finish their homework by themselves. Copying from others will be treated as cheating and the homework scores will be lowered. Students should hand in all assignments on time. Late assignments will be accepted at the discretion of the instructor (i.e., when the student was ill or had an excused absence). Late assignments without reasonable proof will be reduced in score by 50%.

☞ Attendance

Because the course covers a great deal of material, attending every class session is very important for performing well.

- ♦ Being late for 15 minutes or more is considered an absence.
- ♦ Five hours or above of unexcused absences will result in the lower level of the final grade by one grade band (e.g. from C – to D +). Any excused absence must be discussed directly with the teacher.
- ♦ Absence which is more than 1/3 of the total teaching hours will cause an F (a failing grade) directly. but students are welcome to continue attending classes.
- ♦ An incomplete grade (I) will be considered in case of medical or family emergencies.

☞ Participation

- ♦ Students should participate in classes actively. Half of participation grade is determined by their presentation in class. They are encouraged to ask questions relevant to the subject and express their own opinions. Every student should respect the ideas, opinions, and questions of their classmates.
- ♦ Students should also use office hours to ask questions or talk with the instructor for good communication and effective learning.
- ♦ Frequent visiting the instructor and chatting in English during office hours is highly recommended.
- ♦ Any misbehavior and non-class related activities in class will result in the lower level of the participation grade, including ringing cell phones.
- ♦ All above behaviors will be solely evaluated by the instructor for scoring.

☞ Textbook

Students must bring the textbook to class.

Topical Course Outline

Week	Topics	Homework
1	Introduction to the course Reading 29 Introduction to Financial statement analysis Steps in the financial statement analysis framework Roles of financial statements analysis Regulatory filings, financial statement notes and supplementary information, management’s commentary, and audit reports Information sources that analysts use in financial statement analysis besides annual and interim financial reports	
2	Reading 30 Analyzing Income Statements Principles of revenue recognition, Principles of expense recognition Financial reporting treatment and analysis of non-recurring items (including discontinued operations, unusual or infrequent items) and changes in accounting policies Basic and diluted earnings per share	

		Common-size income statements and financial ratios based on the income statement.	
3		<p>Reading 30 Analyzing Income Statements</p> <p>Principles of revenue recognition, Principles of expense recognition Financial reporting treatment and analysis of non-recurring items (including discontinued operations, unusual or infrequent items) and changes in accounting policies Basic and diluted earnings per share Common-size income statements and financial ratios based on the income statement.</p>	
4		<p>Reading 31 Analyzing Balance Sheets</p> <p>Financial reporting and disclosures related to intangible assets Financial reporting and disclosures related to goodwill. Financial reporting and disclosures related to financial instruments Financial reporting and disclosures related to non-current liabilities Common-size balance sheets and related financial ratios on the balance sheet</p>	
5		<p>Reading 31 Analyzing Balance Sheets</p> <p>Financial reporting and disclosures related to intangible assets Financial reporting and disclosures related to goodwill. Financial reporting and disclosures related to financial instruments Financial reporting and disclosures related to non-current liabilities Common-size balance sheets and related financial ratios on the balance sheet</p> <p>Reading 32 Analyzing Statements of Cash Flows I & Reading 33 Analyzing Statements of Cash Flows II</p> <p>Linkage of cash flow statement to the income statement and the balance sheet Steps in the preparation of direct and indirect cash flow statements Cash flow statements prepared under IFRS and US GAAP Common-size cash flow statements Free cash flow to the firm, free cash flow to equity, and performance and coverage cash flow ratios</p>	
6		<p>Reading 32 Analyzing Statements of Cash Flows I & Reading 33 Analyzing Statements of Cash Flows II</p> <p>Linkage of cash flow statement to the income statement and the balance sheet Steps in the preparation of direct and indirect cash flow statements Cash flow statements prepared under IFRS and US GAAP Common-size cash flow statements Free cash flow to the firm, free cash flow to equity, and performance and coverage cash flow ratios</p> <p>Qingming Festival</p> <p>Reading 39 Financial Analysis Techniques</p> <p>Tools and techniques used in financial analysis Activity, liquidity, solvency, and profitability ratios</p>	
7		<p>Reading 39 Financial Analysis Techniques</p> <p>Activity, liquidity, solvency, and profitability ratios Ratio analysis</p>	

		<p>DuPont analysis of return on equity and calculate and interpret effects of changes in its components</p> <p>Industry-specific ratios used in financial analysis</p> <p>Earnings forecasting</p>	
8		<p>Quiz 1</p> <p>Reading 34 Analysis of Inventories</p> <p>Measurement of inventory</p> <p>Impact of different inventory valuation methods on financial statements</p> <p>Inventory disclosures</p>	
9		<p>Mid-term test</p> <p>Reading 34 Analysis of Inventories</p> <p>Measurement of inventory</p> <p>Impact of different inventory valuation methods on financial statements</p> <p>Inventory disclosures</p> <p>Reading 35 Analysis of Long-term Assets</p> <p>Different types of intangible assets: purchased, internally developed, and acquired in a business combination</p> <p>Impairment and derecognition of property, plant, and equipment and intangible assets</p> <p>Financial statement disclosures regarding property, plant, and equipment and intangible assets.</p>	
10		<p>Reading 35 Analysis of Long-term Assets</p> <p>Different types of intangible assets: purchased, internally developed, and acquired in a business combination</p> <p>Impairment and derecognition of property, plant, and equipment and intangible assets</p> <p>Financial statement disclosures regarding property, plant, and equipment and intangible assets.</p> <p>Chinese Labor Day</p>	
11		<p>Reading 35 Analysis of Long-term Assets</p> <p>Different types of intangible assets: purchased, internally developed, and acquired in a business combination</p> <p>Impairment and derecognition of property, plant, and equipment and intangible assets</p> <p>Financial statement disclosures regarding property, plant, and equipment and intangible assets.</p> <p>Reading 36 Topics in Long-term Liabilities and Equity</p> <p>Financial reporting of leases from the perspectives of lessors and lessees</p> <p>Financial reporting of defined contribution, defined benefit, and stock-based compensation plans</p> <p>Financial statement disclosures relating to long-term liabilities and share-based compensation</p>	
12		<p>Reading 36 Topics in Long-term Liabilities and Equity</p> <p>Financial reporting of leases from the perspectives of lessors and lessees</p> <p>Financial reporting of defined contribution, defined benefit, and stock-based compensation plans</p> <p>Financial statement disclosures relating to long-term liabilities and share-based compensation</p>	

13		<p>Reading 36 Topics in Long-term Liabilities and Equity</p> <p>Financial reporting of leases from the perspectives of lessors and lessees</p> <p>Financial reporting of defined contribution, defined benefit, and stock-based compensation plans</p> <p>Financial statement disclosures relating to long-term liabilities and share-based compensation</p> <p>Reading 37 Analysis of Income Taxes</p> <p>Comparison of accounting profit, taxable income, taxes payable, and income tax expense</p> <p>Temporary versus permanent differences between accounting profit and taxable income</p> <p>Deferred tax liabilities and assets</p> <p>Effective tax rate, statutory tax rate, and cash tax rate</p> <p>Financial statement disclosures relating to deferred tax items</p>	
14		<p>Reading 37 Analysis of Income Taxes</p> <p>Comparison of accounting profit, taxable income, taxes payable, and income tax expense</p> <p>Temporary versus permanent differences between accounting profit and taxable income</p> <p>Deferred tax liabilities and assets</p> <p>Effective tax rate, statutory tax rate, and cash tax rate</p> <p>Financial statement disclosures relating to deferred tax items</p> <p>Reading 38 Financial Reporting quality</p> <p>Assessment of financial reporting quality</p> <p>Difference between conservative and aggressive accounting</p> <p>Mechanisms that discipline financial reporting quality and the potential limitations of those mechanisms</p> <p>Detection of manipulation of information in financial reports</p> <p>Reading 40 Introduction to Financial Statement Modeling</p> <p>Sales-based pro forma company model</p>	
15		<p>Presentation</p> <p>Revision</p>	
16		<p>Quiz 2</p>	

Note: Wechat group and Xuexitong will be used to facilitate our teaching and learning activities. The Wechat group will be mainly used to inform the students study activities and answer questions. Xuexitong will be used as the main study platform to organize the study activities and upload learning materials.

Some chapters or sections may leave for self-study, this is the students' duty to learn and understand, they may also be included in the quizzes or exams. A review in Chinese may be held during L.C. and O.H. in the semester.

Teacher's Office Hour

- The instructor's office hour is shown in the front of the office door.
- Students are suggested to use the instructor's office hour and learning center to ask questions or talk with the instructor once at least per week for good communication and effective learning, which is recorded in the students' participation.
- The time can be scheduled by instructors or students, or both.

Cheating and Plagiarism

Cheating is not tolerated. Any student caught cheating on a quiz; test or exam will be given a mark of zero (0) for the particular work. At the beginning of the semester the definition of plagiarism will be carefully explained, when any thoughts or writings of another person are used, they must be clearly identified (usually one uses quotation marks) and the source notes. **If any student is caught cheating on any homework assignment, the highest score the student can earn in that course is a "C".**

Important Dates

Midterm Test	Week 9 or 10
Final Exam	June 16-21

Note: This syllabus is tentative and may be changed or modified throughout the semester. All students will be notified and a new syllabus will be given.

Instructor: Xiaoshu Qin

Department Head: _____

