



## ACC300: Financial Statement Analysis

**Credit Hours:** 3

**Contact Hours:** This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 10-25 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

### Faculty Information



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Office Hours/Time: Wednesdays & Fridays – 10:30am – 1:30pm EDT

### Course Description and Outcomes



This course introduces the study of accounting principles to give students an understanding of the theory and logic that underlie basic accounting procedures and practices. Major topics include the underlying framework of Generally Accepted Accounting Principles (GAAP), describing the interrelationship of the four principle financial statements and how they are derived from the recording of business transactions, explaining the components of the income statement, describing the components of the balance sheet and the statement of stockholders' equity, discussion of the components of cash flow statements, preparation of a simplified version of the four principle financial statements from an adjusted trial balance, performance of basic financial statement analysis including profitability, liquidity, and solvency ratios, and finally, performing expanded financial statement analysis for forecasting and management decision-making.

## Course Learning Outcomes

1. Identify the underlying framework of Generally Accepted Accounting Principles.
2. Describe the interrelationship of the four principle financial statements and how they are derived from the recording of business transactions.
3. Explain the components of the income statement.
4. Describe the components of the balance sheet and the statement of stockholders' equity.
5. Discuss the components of cash flow statements.
6. Prepare a simplified version of the four principle financial statements from an adjusted trial balance.
7. Perform basic financial statement analysis including profitability, liquidity, and solvency ratios.
8. Perform expanded financial statement analysis for forecasting and management decision-making

## Participation & Attendance



Prompt and consistent attendance in your online courses is essential for your success at **Gunu-Institute**. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.

Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

## Course Materials



### Required:

Financial Statements. Quick Study Business. World's #1 Quick Reference Guide.

Gibson, C. H. (2013). *Financial reporting and analysis: Using financial accounting Information* (13th ed.). Mason, OH: South-Western Cengage Learning. ISBN 13: 9781133188797

Malhotra, D.K. & Malhotra, R. (2008). Analyzing financial statements using data envelopment analysis. *Commercial Lending Review*, 25-31.

## Course Schedule



### Due Dates

The Academic Week at **Gunu-Institute** begins on Monday and ends the following Sunday.

- Discussion Boards: The original post must be completed by **Thursday at 12 midnight EST** and Peer Responses posted by **Sunday 12 midnight EST**. Late posts may not be awarded points.
- Mastery Exercises: Students may access and retake mastery exercises through the last day of class until they achieve the scores they desire.
- Critical Thinking Activities: Assignments are due **Sunday at 12 midnight EST**.

Week #	Readings	Assignments
1	<ul style="list-style-type: none"> <li>Chapter 1 in <i>Financial Reporting &amp; Analysis</i></li> </ul>	<ul style="list-style-type: none"> <li>Discussion Board (25)</li> <li>Mastery Exercises (10)</li> </ul>
2	<ul style="list-style-type: none"> <li>Chapter 2 in <i>Financial Reporting &amp; Analysis</i></li> </ul>	<ul style="list-style-type: none"> <li>Discussion Board (25)</li> <li>Mastery Exercises (10)</li> <li>Critical Thinking (60)</li> </ul>
3	<ul style="list-style-type: none"> <li>Chapter 4 in <i>Financial Reporting &amp; Analysis</i></li> <li>Financial Statements. Quick Study Business. World's #1 Quick Reference Guide.</li> </ul>	<ul style="list-style-type: none"> <li>Discussion Board (25)</li> <li>Mastery Exercises (10)</li> <li>Critical Thinking (60)</li> </ul>
4	<ul style="list-style-type: none"> <li>Chapter 3 in <i>Financial Reporting &amp; Analysis</i></li> </ul>	<ul style="list-style-type: none"> <li>Discussion Board (25)</li> <li>Mastery Exercises (20)</li> <li>Critical Thinking (60)</li> </ul>
5	<ul style="list-style-type: none"> <li>Chapter 10 in <i>Financial Reporting &amp; Analysis</i></li> <li>Financial Statements. Quick Study Business. World's #1 Quick Reference Guide.</li> </ul>	<ul style="list-style-type: none"> <li>Discussion Board (25)</li> <li>Mastery Exercises (10)</li> <li>Critical Thinking (60)</li> </ul>
6	<ul style="list-style-type: none"> <li>Review Chapters 2, 3, &amp; 4 in <i>Financial Reporting &amp; Analysis</i></li> </ul>	<ul style="list-style-type: none"> <li>Discussion Board #1 (15)</li> <li>Discussion Board #2 (10)</li> <li>Critical Thinking (110)</li> </ul>
7	<ul style="list-style-type: none"> <li>Chapters 5, 6 &amp; 8 in <i>Financial Reporting &amp; Analysis</i></li> <li>Financial Statements. Quick Study Business. World's #1 Quick Reference Guide.</li> <li>Malhotra, D.K. &amp; Malhotra, R. (2008). Analyzing financial statements using data envelopment analysis. <i>Commercial Lending Review</i>, 25-31.</li> </ul>	<ul style="list-style-type: none"> <li>Discussion Board (25)</li> <li>Mastery Exercises (20)</li> </ul>
8	<ul style="list-style-type: none"> <li>Chapter 11 in <i>Financial Reporting &amp; Analysis</i></li> <li>Financial Statements. Quick Study Business. World's #1 Quick Reference Guide.</li> </ul>	<ul style="list-style-type: none"> <li>Discussion Board (25)</li> <li>Mastery Exercises (20)</li> <li>Portfolio Assignment (350)</li> </ul>

## Assignment Details



This course includes the following assignments/projects:

### Week 2: Critical Thinking:

#### Financial Accounting Exercise (60 Points)

After reading case 2-2 in your text, "[The Dangerous Morality of Managing Earnings](#)," thoroughly answer the questions below. Think about how the interrelatedness of the financial statements plays into the case.

- What are the five generalizations from the findings in this study relating to managing earnings?
- Comment on management's ability to manage earnings in the long run by influencing financial accounting.

Ensure your written paper is at least one-and-a-half pages in length; APA-formatted according to **Gunu Institute's** APA policy; include a title page, and a reference page. Use Times New Romans 12-point font and double-spaced throughout.

**Refer to the rubric to ensure meeting all project criteria.**

**Project Due Saturday by 11:59 PM EST.**

## Week 3: Critical thinking

### Cost Analysis Report (60 Points)

From the following information from the accounting records of Consolidated Can, prepare a multistep income statement and a reconciliation of retained earnings for the year ended December 31, 2024:

Cost of Products Sold	\$410,000
Dividends	\$3,000
Extraordinary gain (net of tax)	\$1,000
Income taxes	\$9,300
Interest expense	\$8,700
Other Income	\$1,600
Retained Earnings – Jan 1, 2024	\$270,000
Sales	\$480,000
Selling and administrative expense	\$42,000

**Refer to the rubric to ensure meeting all project criteria.**

**Project Due Saturday by 11:59 PM EST.**

## Week 4: Critical Thinking:

### Classified Balance Sheet & Statement of Stockholders' Equity (60 points)

From the following information (given in scrambled order) obtained from the accounting records of Alleg, Inc., as of December 31, 2024, prepare a classified balance sheet in report form and a statement of stockholders' equity. For assets, use the classifications of current assets, plant and equipment, intangibles, and other assets. For liabilities, use the classifications of current liabilities, and long-term liabilities.

Common stock, authorized 21,000 share At \$1 par value, issued 10,000 shares	\$10,000
Additional paid-in capital	\$38,000
Cash	\$13,000
Marketable securities	\$17,000
Accounts receivable	\$26,000
Accounts Payable	\$15,000
Current maturities of long-term debt	\$11,000
Mortgages payable	\$80,000
Bonds payable	\$70,000
Inventory	\$30,000
Land and buildings	\$57,000
Machinery and equipment	\$125,000
Goodwill	\$8,000
Patents	\$10,000
Other assets	\$50,000
Deferred income taxes (long-term liability)	\$18,000
Retained earnings	\$33,000
Accumulated depreciation	\$61,000

**Refer to the rubric to ensure meeting all project criteria.**

**Project Due Saturday by 11:59 PM EST.**

## **Week 5: Critical Thinking:**

### **Eat at My Restaurant Exercise (60 Points)**

Read and complete case study 10-10, "[Eat at My Restaurant](#)" in your text. Answer the questions following the case study.

1. Comment on the difference between net cash provided by operating activities and net income including noncontrolling interest. Speculate on which number is likely to be the better indicator of long-term profitability.
2. Comment on the data reviewed for each firm.
3. Do any of these firms appear to have a cash flow problem? Comment.

**Refer to the rubric to ensure meeting all project criteria.**

**Project Due Saturday by 11:59 PM EST.**



## Week 6: Critical Thinking:

### Financial Statements Preparation (110 points)

Prepare Financial Statements from Adjusted Trial Balance Worksheet. The adjusted balances taken from the general ledger of Coopertown Suppliers; Inc. is listed below in general ledger order. Transfer these accounts and balances to a spreadsheet worksheet and prepare an Income statement, Balance Sheet, and Statement of Retained Earnings all in good form **using proper headings** for each statement. Please submit your spreadsheet.

Coopertown Suppliers, Inc.		
	<u>DR</u>	<u>CR</u>
Cash	\$12,950	
accounts receivable	\$28,150	
supplies	\$4,400	
prepaid insurance	\$9,500	
land	\$100,000	
buildings	\$360,000	
equipment	\$260,000	
accumulated depreciation - equipment		\$269,900
accounts payable		\$33,300
salaries payable		\$3,300
common stock		\$1,500
retained earnings		\$427,600
dividends	\$25,000	
service fees		\$475,000
rent revenue		\$5,000
salaries expense	\$340,600	
depreciation expense	\$25,100	
supplies expense	\$10,950	
insurance expense	\$3,000	
miscellaneous selling and admin expense	\$30,850	
utilities expense	\$5,100	
Total	\$1,215,600	\$1,215,600

**Refer to the rubric to ensure meeting all project criteria.**

**Project Due Saturday by 11:59 PM EST.**

## Week 8: Project

### Final Portfolio Project (350 Points)

Each student will choose a publicly traded company and perform an expanded analysis on the financial statements.

Please use the most current financial statements available on [www.sec.gov](http://www.sec.gov). Perform:

1. Horizontal and vertical analysis of the Income Statements for the past three years.
2. Horizontal and vertical analysis of the Balance Sheet for the past three years.
3. Ratio Analysis. Choose any eight ratios (liquidity, profitability, solvency etc..) plus a measurement of the creditworthiness of your firm. Explain why you have chosen those ratios.
4. A comparison of your chosen ratios to the industry ratios or competitor ratios
5. selected liquidity, profitability, and solvency ratios, and other selected financial ratios.

#### Note:

In addition to the above, your paper must:

- Be 10-15 pages in length
- Include a proper introduction and conclusion
- Include a reference page
- Provide your reader with an overall understanding of the financial health of your chosen firm

Ensure your written project is APA-formatted according to **Gunu Institute's** APA policy; include a title page and use Times New Romans 12-point font and double-spaced throughout.

**Refer to the rubric to ensure meeting all project criteria.**

**Project Due Saturday by 11:59 PM EST**

## Course Policies



### Late Work

Students are permitted a 7-day grace period during which they may submit a Critical Thinking assignment after the original due date without penalty. Papers submitted between 8 and 14 days after the original due date will be accepted with a potential 10 percent reduction in grade for late submission. Papers submitted 15 or more days beyond the original due date may not be accepted unless prior arrangements have been made with the instructor. **No Portfolios will be accepted late** and no assignments will be accepted after the last day of class unless a student has requested an incomplete grade in accordance with the Incomplete Policy.

### Course Grading

20% Discussion Participation  
10% Mastery Exercises  
35% Critical Thinking  
Activities  
35% Final Portfolio Paper

### Grading Scale and Policies

A	95.0 – 100
A-	90.0 – 94.9
B+	86.7 – 89.9
B	83.3 – 86.6
B-	80.0 – 83.2
C+	75.0 – 79.9
C	70.0 – 74.9
D	60.0 – 69.9
F	59.9 or below
FN*	Failure for Nonparticipation
I**	Incomplete

### Artificial Intelligence (AI) Policy:

Students must consult with their instructors before using an AI tool such as GPTZero, ChatGPT, QuillBot etc... in their academic papers.

\* Students who stop attending class and fail the course for nonparticipation will be issued the “FN” grade. The FN grade may have implications for financial aid and scholarship awards.

\*\* An “I” grade may be assigned at the instructor’s discretion to students who are in good standing (passing) in the course. Students should have completed a majority of the coursework in order to be eligible for the “I” grade. Students should request an “I” grade from the instructor with a written justification, which must include explanation of extenuating circumstances that prevented timely completion of the coursework. If the request is approved, the instructor will require a written agreement consisting of **a)** the specific coursework to be completed, **b)** the plan to complete the coursework, and **c)** the deadline for completion. The agreement will be kept on file at **Gunu-Institute Campus**. An incomplete course must be satisfactorily completed within the time frame stipulated in the agreement, but no later than the end of the following semester from the date the “I” was given. An incomplete not removed within one year shall convert to an F and be included in the computation of the student’s grade point average.

### **Academic Integrity**

Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, plagiarism, unauthorized possession of academic materials, and falsification. The **Student Handbook** provides information on how students can avoid plagiarism by understanding what it is and how to use the library and Internet resources appropriately with proper citation. Please refer to the **Academic Catalog** for complete policies regarding plagiarism and academic dishonesty.

### **APA**

Students are expected to follow the **Gunu-Institute** requirements when citing in APA (based on the APA Style Manual, 6th edition). For details on **Gunu-Institute’s** APA style, please review the APA resources located under the library tab in the course management system.

### **Netiquette**

All posts and classroom communication must be conducted in a professional and respectful manner in accordance with the student code of conduct. Think before you push the Send or Post button. Did you say just what you meant? How will the person on the other end read the words?

Any derogatory or inappropriate comments regarding race, gender, age, religion, sexual orientation, are unacceptable and subject to disciplinary action. If you have concerns about something that has been said, please let your instructor know.

### **Institutional Policies**

Refer to the Academic Catalog for comprehensive documentation of **Gunu-Institute’s** institutional policies