



MPA (and other) Programs: Acc 380K.7 – Summer 2020

Financial Statement Analysis

Professor

Dr. Patrick Badolato, CPA

Office Hours

To be determined.

Phone

(512) 471-7920

E-Mail

patrick.badolato@mccombs.utexas.edu

Please post all non-personal questions on our Discussion Board

Course Summary: This Financial Statement Analysis course focuses on using an array of financial information to best determine the *why* behind past and current performance. To achieve this we combine quantitative and qualitative factors to understand drivers of performance and to tell the story of the firm. With a solid understanding of the past and current conditions, we move towards motivating sound forecasts and briefly discuss well-supported inputs to valuation models.

This course is advised for individuals who possess all of the following:

- 1) an interest in learning and a willingness to develop new skills and perspectives;
- 2) an interest in how businesses operate, make decisions, change and report their performance;
- 3) a willingness to benefit from and contribute to the UT/McCombs' educational experience;
- 4) a general, but strong, understanding of financial accounting at an introductory level as the logical language of business. This course builds off introductory Accounting classes.

What you should expect:

Historically this has been a challenging class that requires a commitment. It is not challenging as you must memorize complex formulas that you could easily look up, but as it will challenge perspectives and require critical thinking and the synthesis of information. This is also a class that actively shuns memorization of terms and formulas and the regurgitation of anything. We will not waste your time (and your educational investment) with memorizing items such as ratios or formulas or emphasizing jargon and catchphrases over thoughtful analysis. Instead we will focus on more useful ways of approaching various issues. Therefore, you may hear many “Yes, but...” questions: “Yes, but *in your own words.*” “Yes, but *why?*” “Yes, that is the general economic argument, but *how has it played out in this scenario?*” “Yes, that is the change, but *what drove that change?* ...We will get dirty trying to best understand various firms and how to best use financial information. You need to be involved in these discussions.

How to do well and get the most out of the experience:

This class is also one that has a straightforward plan for success as directly affirmed by former students. Students who truly commit to all of the following usually end up with solid grades: (1) consistently preparing for class, using the materials provided and asking questions when needed; (2) being active learners within the classroom and (3) thoughtfully reviewing the material (with peers) after class. Individuals who do not do or want to do the work, check out during class or miss class, believe they know everything, maintain a closed mind or refuse to be thoughtful usually find this class to be dreadful.

A Broader Background of the Course

Our objectives include:

- Increase our understanding of financial filings (including financial statements, managers' commentaries, footnotes and other sources of financial information) in order to:
 - Understand how firms operate and create value—we put considerable emphasis on understanding how financial information helps us understand and guide operating decisions.
 - Concisely articulate the firm's past—without this, valuation and forecasting could be misguided, so we must be able to tell the story of the firm.
 - Increase our understanding and ability to use tools to analyze information presented in financial statements. Understand the benefits and limitations of financial information provided in financial filings and the motivation for and process of making adjustments to this information—we will adjust, change and challenge ratios, metrics and formulas to ensure they work in specific real-world situations.
 - Use our understanding of the firm and its financials to make informed predictions about future performance—we will stress how understanding financial information provides us with an excellent framework for considering the future.
 - Motivate, understand, construct and implement various inputs in valuation models—we will very briefly note the mechanics of valuation while stressing the more useful and challenging steps of motivating inputs to valuation. Valuation is not only a mindless mechanical exercise.

The course will be taught using a combination of examples, discussion questions, cases and homework problems. We will learn new concepts using various firms' historical and current financial data. To achieve these objectives, during the semester we will learn a framework for business analysis and valuation. The steps in the framework include:

- (1) Business Strategy Analysis: The purpose of business strategy analysis is to assess the profit potential of the firm at a qualitative level. This involves an understanding of the firm's strategy and its industry and considering how these affect and are affected by the firm's financial performance.
- (2) Financial Analysis: The purpose of financial analysis is to assess the firm's historical financial performance in the context of its goals and strategies. Tools used for financial analysis include ratio analysis, cash flow analysis, and common-size financial statements. *Ratio Analysis is not computing ratios (i.e., division), but carefully using and changing ratios to provide us with information.*
- (3) Accounting Analysis: The purpose of accounting analysis is to develop an understanding of whether a firm's accounting captures its true underlying economic condition(s). This involves understanding accounting transactions, identifying accounting flexibility, evaluating the appropriateness of accounting policies and estimates, and at times, altering financial statements to enhance decision making.
- (4) Valuation/Prospective Analysis: The purpose of valuation/prospective analysis is to forecast the firm's future financial performance and determine a potential valuation of the firm—our best assessment of intrinsic value. To do this we will learn the mechanics and intricacies of forecasting financial statements and we will (very briefly) note the components and usage of valuation models.

We will review (and learn) accounting concepts as this knowledge is critical to making decisions with financial information. However, the primary objective of the course is *not to improve our understanding of Generally Accepted Accounting Principles (US GAAP or IFRS)*; the goal is to improve our ability to interpret and use financial statements in a variety of settings including a primary focus on credit and equity analyses and supplemental coverage of corporate finance, planning and control. *This is not a journal entry class; in fact, we will likely not see any journal entries during the entire semester (unless specifically requested by students).*

Structure, Materials and Logistics (1 of 2)

Course Structure

- The class format involves coverage of the main areas and tools noted above. In addition, there will be a considerable amount of discussions/cases that focus on specific firms and specific financial issues. These cases will involve a careful analysis of the financials, the opportunity to dig deeper to support (or challenge) information that is presented, and the consideration of the benefits and limitations of various tools, metrics and ratios.
- The course will be taught using a combination of examples, discussion questions, cases and homework problems. We will learn new concepts using various firms' historical and current financial data.
- A tentative schedule of class meetings is attached to the end of this document. This schedule may be revised and all updates will be posted on Canvas or discussed in class.

Materials

- **Required:** Cases, slides and other materials created by the professor and available on Canvas. Students are required to access Canvas, read takeaways, exam questions, case feedback commentaries and other class materials and post any unanswered questions directly to Canvas. There is no substitute for the vast amount of information that will be on Canvas.
 - **To ensure the highest dissemination of information and to maintain a fair playing field, all non-personal questions must be asked on the Discussion Board and not emailed to me.**
- **Required:** It is required that you read, used and retained the materials and information from an financial accounting class. Our course builds off these.
- **Recommended Text:** The textbook for the course is *Financial Reporting, Financial Statement Analysis and Valuation: A Strategic Perspective* by Wahlen, Baginski and Bradshaw, **eighth edition**. ISBN: 978-1285190907
 - The textbook is recommended for students who have not had sufficient exposure to the material we cover in class. The class moves fast and assumes you mastered material from prior classes. We do not have slides from, cover or read from the text; it provides background reading.
 - Suggested Texts:
 - *Accounting for Value* by Stephen Penman; Ben Graham's *The Intelligent Investor*; Michael Lewis's *The Big Short*; Pat Dorsey's *The Little Book that Builds Wealth* and Michael Shearn's *The Investment Checklist: The Art of In-Depth Research*. James Marshall's *The Three Little Pigs*.
 - Business and economic-focused podcasts including Freakonomics, Planet Money and Masters in Business. This is not a comprehensive list and I am open to your suggestions and will post more on Canvas. That being said, it is worth emphasizing that quality (thoughtful use of the materials we use in class) will be far more useful than quantity without thoughtfulness or mindfulness.
- Throughout the course we will be examining publicly available material including corporate press releases, corporate filings (10K's, etc.), analyst reports, and articles from the business press. When appropriate, these and other supplemental information (or links to these documents) will be provided via the Canvas. You will be responsible for downloading and printing these articles and using links posted on Canvas. UT Box links expire 30 days after posting—please download the files you need in a timely fashion.

Structure, Materials and Logistics (page 2 of 2)

Topics 1-4 are very interdisciplinary

Topic 1: Here we offer an introduction to the course, what we will cover in terms of material and the pedagogical approach. We will demonstrate these points with an in-class case. This, like all classes, offers an essential background for the rest of the classes—we do not take a memorize and regurgitate approach and it is important to discuss the why behind each lesson and perspective of the class. Moreover, we discuss the emphasis on a need for a growth, not a fixed, mindset as well as the value of addressing common mistakes and their solutions.

Topic 2: Before delving into financial metrics, we take a step back to consider our understanding of the company's business and the need to seek and understand qualitative characteristics as well as the competition, industry forces or other salient external factors. One goal here is to demonstrate that quantitative assessments may keep us busy with calculations, but may not offer any value without a good qualitative understanding.

Topic 3: Here we cover a deep dive into both the quantitative and qualitative information presenting in a financial filing beyond the financial statements. One goal is to demonstrate our need to move beyond the financial statements to assess company performance. Another is to show examples of how this is done and why.

Topic 4: Here we bring ratios and financial metrics into our analysis. Instead of focusing on memorizing or computing ratios, we emphasize why and how we use them, why and how they may need to be adjusted, and how we can apply certain ratios when examining specific businesses. One goal here is to discuss commonly misunderstood or misused ratios. 4b extends the point to discuss how we can use the Income Statement to assess profitability, 4c focuses on the Balance Sheet to assess efficiencies and 4d ends with the Statement of Cash Flows.

Although this is an interdisciplinary class, we also need to develop comfort with material area of financial reporting. Therefore, our Accounting Analysis classes (5-9) focus on deeper dives into specific areas.

Topic 5: Here we emphasize understanding the specifics of revenue recognition (what, why, how, when... and what comes next). One goal here is to show how the idea of products or services is massively outdated and needs to be updated to assess how nearly all modern-day companies focus on mixing products and services.

Topic 6: This follows the idea of Topic 5 with an emphasis on understanding cash flows. One takeaway here is that although cash flows can be over-simplified and we can over-emphasize the mindless counting of cash in valuation processes, it is important to assess the discretion, flexibility and overall challenges we face when trying to understand cash flows. As an extension of the prior Topic, we elaborate to explore issues with liquidity and working capital (6b) and capital expenditures (6c). As these are areas that affect valuation, one goal is to ensure we understand the choices made, their impact on current and performance and whether these are sustainable.

Topic 7: The emphasis here is on understanding Taxes, the Tax Footnote and the impact of taxes on other areas (valuation, cash flows, etc.). One takeaway here is that taking a superficial focus on Taxes (statutory rates, tax shields, etc.) is likely incomplete.

Topic 8: The emphasis here is on understanding risks that companies face and their use of operating and financial hedges and derivatives. One takeaway is the broad understanding of the use of hedges to mitigate risks and the de-emphasis of financial products.

Topic 9: Here the focus is on Financial Arrangements as well as Off-Balance Sheet Arrangements. One goal here is to show why we need to understand the specifics of these arrangements and utilize the footnotes to achieve this goal.

We wrap things up by assessing drivers of value and coupling this with Forecasting and Valuation

Topic 10: Combining both mechanical and qualitative skills, here we focus on applying our prior lessons, including obtaining and using information to guide our forecasting process.

Topic 11: Here we focus on applying our prior lessons to guide our valuation process. We also emphasize that we are valuing businesses, not earnings or cash flows and therefore it is our assessment of the company, not the model we choose, that influences our estimates of value.

Topic 12: This Topic serves as a reminder of how and why the specific of our classes can be applied to a variety of companies, including how we try to understand what drives their performance and their intrinsic value.

Assignments and Grading Information (page 1 of 5)

Disclaimer: The following contains extensive details about each part of the class and expectations. If this seems excessively specific and elaborate, I apologize in advance.

Course Requirements and Grading

We will determine the final distribution of letter grades *at the end of the semester*. This means that numerical scores on specific assignments do not correspond to a particular letter grade prior to the end of the semester. Final grades are determined by summing up all pieces, then ranking all students and then following the class distribution provided by the respective Program(s). Some areas of the distribution may be very tight. This means that it is mathematically unavoidable that some students with *similar* grades do not get the *exact same* final letter grades. Ultimately, someone must fall at each “break point,” which means that someone gets the lowest of one grade (for example, the lowest A-) and someone else, with similar grades, gets the highest of the next letter grade (for example, the highest B+). The class’s distribution dictates the percentage of each of the letter grades. That is, you and your classmates’ performance, more than I, determine your final letter grade. Moreover, with a distribution-based grading scheme, such as we use this Program, proximity to a specific cutoff point is an irrelevant point as in order for a student close to but below the cutoff to receive the higher grade, a student with a higher grade would be forced to simultaneously drop a letter grade, which is both unfair and illogical. Students may not ask for exclusive extra credit or grade changes at the end of the semester. This is unprofessional and requesting specific treatment violates our University’s academic goals.

The letter grades will be determined by the guidelines set out by the **MBA and MPA Programs for upper-level classes**. Numerical points will be accumulated as follows:

Assignment Area	Percentage
Cases	40%
Class Leadership and Involvement	25%
Group Project	35%
Final Exam	0%
Total	100%

Description of Requirements

Exam (0%)

~~Update Summer 2020. There will be no exam. The final exam schedule is not known at this time but is released to the students and faculty at the same time (I will post it to Canvas once I learn). This is cumulative exam covering all classes. The exam will involve the lessons from class applied to a set of financial information from one or a small number of publicly traded firms. Please notify me within 72 hours of the exam date being set if you have a conflict with the exam date. Outside of this 72 hour window, there are no makeup exams, except for SSD accommodations. Students and faculty can check here for the exam date: <https://registrar.utexas.edu/students/exams>~~

~~The exam is primarily built around class discussions and cases and involves your analysis of an actual company’s (or companies) financial information. This exam is not one for which you should try to cram. You prepare for the exam by doing the work day to day in this class and then by relaxing the week before the exam. Cramming is not useful and a class for which you can cram is a good example of a class not worth taking. Please do not interpret “no cramming” as “no need to work.” The work is done on the cases, in class and in your reviews week by week. Also, the cases provide a general idea of the exam questions (although the time to complete and grading differs between the cases and the exams) and other types or examples of questions are posted on Canvas.~~

Assignments and Grading Information (page 2 of 5)

Cases (40%)

The primary objective of the Cases is to help you gain exposure to the material *before* attending class. The fancy term for this is the “flipped classroom,” but this is simply old-fashioned education from your rather old-school professor that helps ensure you can master the material by getting exposure and taking direct ownership (which is not new or novel idea at all). This is not a class in which I lecture at you all semester long and you passively take notes, so case preparation before class is essential. As these cases are not simply mechanical or term/theory regurgitation, you will likely encounter ambiguity and have questions as you complete the cases—this is by design. Unless clearly noted otherwise, all Cases are due before class, before any of the sections have class.

There are numerous cases required by all students and associated each of the classes. Details are provided on Canvas. All assignments should be submitted electronically through Canvas using a program that is compatible with Microsoft Office. Students are responsible for uploading the final version, checking and re-checking any issue with formatting or other errors before submission. Students may not drop or miss any assignments. The work is too important to miss and the costs to a student of not doing each one (much like missing class) are too high. However, if major events, issues or conflicts come up, students may turn in up to two assignments late and still receive full credit. The late exemption is for any case submitted after the due date yet within one week / before any keys are posted. After this, the third late assignment and beyond receive 50% off penalties. This includes all submissions whether they are late by a few minutes or a few days. To be clear, the submissions must be the student's own work, completed without the use of the answer keys (in any way).

Case Guidelines

Cases must be written in a professional manner. This means; write in complete sentences and paragraphs and ensure that your answer and support is clear to your reader; use spellcheck (of course, these need to be typed); report financial numbers in a professional way (e.g. the numbers are aligned and do not have seven decimal places); and clearly label/number each of your responses (e.g. 1-5). You must provide support for all answers that ask for it. Assignments that do not hit all of these criteria for professionalism or are not professional in another way will get a 25% penalty for the first occurrence and then 50% or less credit thereafter. Assignments that are late, but before class, will get a 25% penalty for the first occurrence and then 50% or less credit thereafter. Assignments that are turned in after the class begins are not accepted.

Cases, Group Work, Collaboration and File Sharing.

Group work and collaboration are common in academia and the business world. Group work and collaboration do not mean that individuals should plagiarize the work of others, misrepresent attribution, avoid doing any meaningful work, or misreport information in any way.

In this class, unless otherwise noted, **students must submit their own document for every Case completed outside of class.** In an effort to facilitate useful collaboration, unless noted otherwise, students are encouraged to work in a group of up to three people on the Cases. The goal of allowing groups is to enable students to actively share ideas, but still be involved—active discussions are the primary reason for allowing collaboration. Group work means you are encouraged to discuss the questions and answers, not rely on or copy the work of others; that is, each student needs his or her own submission, in which he or she adds value. As reiterated below, directly sharing files or copying answer (including copied answers with minor edits) across group members and/or other groups or individuals is a violation of these policies and will not be accepted. At the minimum, a violation results in a 0 for the case for all individuals involved in the violation. Specific examples are noted below.

Groups of four or more are not allowed and must split into smaller groups. There is a cap to group sizes as large groups remove the benefit from actively discussing the material.

Complete and honest attribution is required. Students must list the other people who they worked with on the case. If a name is missing or does not match up, all members get a 25% penalty for the first transgression, a 50% penalty for the second occurrence, and a 100% deduction thereafter.

Assignments and Grading Information (page 3 of 5)

A non-exhaustive list of acceptable and unacceptable submissions:

1. **Acceptable:** Three students work together in a breakout room and discuss the Case. Each student is actively engaged in the discussion. Later they write up their answers and have some shared themes. Each student directly acknowledges the collaboration of all three individuals.
2. **Acceptable:** Two students chat via a video call regarding a Case. Both students are actively engaged in the discussion. The students write up their answers as they discuss and have some shared themes, but also take different approaches on many of the questions. Both students directly acknowledge the collaboration.
3. **Unacceptable for both students:** Student A asks Student B for Student B's work. Student B emails/post the file to a shared folder. Student A makes minor edits and submits the case and tries to make it look like collaboration. Both students note each other's name on the submission. For example:
 - a. The most informative metric regarding profitability for this company is operating margin. The main reason for this is that there are a variety of expenses, other than cost of sales, which are essential for this company's sustained operating success, including as Research and Development, Selling and Marketing expenses. These expenses are critical as innovation and customer acquisition and retention are critical in this industry. During this period, the company's operating margin decreased as it both lowered its prices in light of increased competition and began to spend more on R&D and Selling and Marketing expenses, which increased to 10% and 12% of Revenue, respectively.
 - b. Operating Margin is the most informative metric regarding profitability for this company. This is because a few expenses other than cost of sales are essential for this company's sustained operating success, including as Research and Development (R&D), Selling and Marketing (S&M) expenses. These expenses are critical as customer acquisition/retention and innovation are critical in this company's operating environment. During this period, the company's operating margin decreased for two main reasons. First, the company decreased its prices in light of increased competition. Second, the company began to spend more on S&M and R&D expenses, which are currently 12% and 10% of Revenue, which is an increase from 11% and 8%, respectively.
4. **Unacceptable for both students:** Student A asks for Student C's work. Student C has already worked with two other students and completed the Case, but sends the file to Student A anyway. Student A makes numerous edits and submits the case. Student A notes that he worked alone.
5. **Unacceptable for all students:** Student A asks for Student C's work. Student C has already worked with Student B and completed the Case, but sends the file to Student A anyway. Student A makes edits and submits the case. Student A notes that he worked with Student C, Student B notes that she worked with Student C, Student C notes that he worked with Students A and B.

If this appears complex, the simple solution is business professionalism: work alone or if you choose to work together as group, do so as an actual group and have direct, honest and complete communication across all group members.

Assignments and Grading Information (page 4 of 5)

Class participation and leadership (25%)

Much of class is conducted in a discussion setting during which we will analyze specific firms and discuss which metrics are important, the reasons for our approach, and the implications of our choices. The assignments are geared to prepare you to participate in and learn from these discussions. Accordingly, your completion of the assignments and your participation in our discussions are vital. If you are not involved in the discussion on your own, you should prepare for cold calling. At times, I will only be a facilitator of your discussions with each other. After most classes, I will make class notes, with particular attention to the quality of comments *or questions*, not the quantity. You do not need to be correct to participate: insightful questions and thoughtful answers are also important and I encourage students to answer, even when they are unsure. Moreover, a strong, smart and vibrant academic community is a part of why you and your classmates are here at the University of Texas.

Consistent with what is noted above and in light of the expectations of this program and surely your jobs, you are clearly expected, but not forcibly required, to attend all classes. As your absence can detract from the learning experience of others, if you will miss part of or a whole class, you should post to our Discussion Board before (or after) class when this occurs (there is a relevant area of Canvas set up for this). The post can include an apology to your classmates, if sincere, and can include whatever information you believe is both personally and professionally prudent. If, for any reason, you are uncomfortable posting the circumstance to the class, you may email me. That being said, you do not need to apologize to me—you and your classmates, not I, lose out from your absence. If you miss class you should obtain the slides, talk to your colleagues (classmates) about the course materials and discussions and post any unresolved issues to the Discussion Board.

Here's a general idea of how I plan to grade your class participation over the course of the semester:

- Outstanding Contributor: Consistent and sustained contributions to large-group discussions reflect thorough preparation. Ideas offered are usually substantive, provide good insights and sometimes change the direction of the class for the better. Arguments, when presented, are generally well-substantiated and often persuasive. If this person were not a member of the class, the quality of the large-group discussions would be diminished significantly. In addition to exceptional large-group discussion contributions, also actively participates in small-group discussions.
- Good Contributor: Consistent contributions to large-group discussions reflect satisfactory preparation. Ideas offered are usually substantive, generally provide useful insights, and occasionally offer a new direction for the discussion. Arguments, if presented, are reasonably well-substantiated. If this person were not a member of the class, the quality of the large-group discussions would be diminished. In addition, also offers comments in small-group discussions.
- Marginal Contributor: Generally routine contributions to large-group discussions reflect preparation. Ideas offered are occasionally substantive but seldom provide clear insights or new directions for the discussion. Arguments may be occasionally presented that are interesting, but are generally not well-substantiated. If this person were not a member of the class, the quality of the large-group discussions would be diminished only slightly. In addition, also offers consistent comments in small-group discussions.
- Non-participant (around 0-2 percentage points out of 10%): This person has maintained good attendance, but has said little or nothing in class apart from the small group discussions; hence there is no adequate basis for evaluation. If this person were not a member of the class, the quality of the discussions would be unchanged.
- Low attendance (0 percentage points out of 10%). This person has missed numerous classes or if present, contributions to discussions reflect inadequate preparation. Ideas offered are rarely substantive, provide few, if any, insights and never offer a constructive direction. At best, contributions are obscure, confused, and indicate a lack of familiarity with the fact of the issues under discussion.
- Disruptive Contributor (negative points): Comments demonstrate disrespect for others in the academic community. Student does not participate in small group discussions. If this person were not a member of class, valuable airtime would be saved.

Assignments and Grading Information (page 5 of 5)

- Disruption includes consistently arriving late, leaving or packing up early, side conversations, or using a cell phone during class or other disruptive behaviors. I hope no one achieves this grade as this represents a major lack of professionalism and respect for our University. A student in this category may not pass the class, regardless of the other grades.

Our class will also make use of Discussion Board. This is the forum for outside-of-class questions related to assignments, our class coverage and any related current events. In addition, as the Discussion Board is an important way to share information and knowledge across the class, each student must post a constructive question or comment or respond a class-related post at least once during the semester. Moreover, constructive Discussion Board involvement can help enhance your Class Participation and Leadership grade, but the *primary driver* of performance is the classroom experience. (Logistical questions such as “Where is the Excel file?” are always welcomed, but cannot enhance your grade.)

Grading Disputes

My TA/grader and I make every effort to grade all of your work fairly and accurately, but grading errors can occur. If you believe there is an error, you may request a re-grading of the assignment. Be aware, however, that grading errors can occur in both directions - errors can make grades too high as well as too low. Therefore, if you request a re-grading, *your entire assignment will be re-graded*, and *all* grading errors will be corrected. By requesting a re-grade, you accept the possibility that your grade may go *either up or down*. To request a re-grade, you must submit a *written* request to me *within 72 hours from the time in which the assignment's grade was released* to students (whether or not you were present in class on that day or checking email). The request must be accompanied by the original, if I do not retain it, and must state the area of dispute, your recommendation for change in grade, an explanation or justification for your recommendation and any limitations to this recommendation. Moreover, the request, should articulate (in person or in writing) how the submission compared to the discussion from the class (and/or any posted materials). The re-grade request must refer to the guidelines established in this syllabus and Canvas and not involve any misrepresentation or unprofessionalism.

Case Feedback

Informal discussions about how a student can perform better are allowed, but a student must articulate (in person or in writing) the specifics of how their submission compared to the discussion from the class (and any posted materials). The request must also include a direct discussion of any expectations noted in this syllabus or on Canvas.

Formal or informal requests that do not abide by these policies will be considered unprofessional, may not be addressed and can lead to a meaningfully lower grade.

The same policies apply to emails/notes about grades or other subjects that misrepresent facts, avoid personal responsibility, do not answer pertinent questions, or are unprofessional in their language, subject or approach.

Group Project (35%)

There will be one group project due towards the end of the semester, which will focus on evaluating similar companies. More details will be posted on Canvas during the semester and/or noted in class.

Academic Integrity and University Policies (page 1 of 2)

Cheating involves copying work across groups, cheating on the exam, plagiarizing your assignments and other things as well. Don't cheat as (1) it is wrong; (2) the costs far outweigh the benefits: you don't want to get kicked out in a short-sighted attempt to make a B a B+; and (3) there is a very good chance that your cheating will be revealed and we will all be extremely disappointed.

Policy on Scholastic Dishonesty

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at <http://www.mccombs.utexas.edu/BBA/Code-of-Ethics.aspx>. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Copyright and Intellectual Property

The course packet and other materials are the intellectual property of your professor and are given to you, for free, on an individual basis only. You may not, in anyway, share, distribute or post electronic, hardcopy or other versions of the class materials with other people or on websites or other avenues of social media without explicit permission from me. Posting or sharing materials, or even snippets of materials, will be considered a violation of our University's Academic policies for all parties involved and may lead to a failing grade in this class. This includes all websites, file sharing folders, apps and social media; the only exception is that you may post class-related material to our class's Canvas Discussion Board during the semester.

Recording Class:

Recording all or any part of class without explicit written permission from the professor is strictly prohibited. Violations will constitute a violation of the academic integrity policies of our University and may lead to a failing grade in this class and legal prosecution. If you need to record the class, please email me to seek permission at least a week in advance and include details about the date, topics, individuals involved and a clear explanation of the reasons for this need.

Privacy in Canvas:

Information in Canvas is protected by your UTEID login. If applicable, please be aware that I will use a merged Canvas site for all sections, if there is more than one, of a course that I teach. This will allow students in other sections to see that you are enrolled in the course and send you email from within Canvas. However, they will not actually learn your email address and no other personal data will be revealed through Canvas. If you have any concerns, please contact the ITS Help Desk at 475-9400 for help removing your name from view of other students.

Academic Integrity and University Policies (page 2 of 2)

Students with Disabilities

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://www.utexas.edu/diversity/ddce/ssd/>.

Religious Holy Days

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Students with Personal Challenges

If you face any personal challenges that may affect your coursework or need advice or assistance for any serious health or personal matter, please reach out to the Student Emergency Services. Information can be found here: <http://deanofstudents.utexas.edu/emergency/>

Campus Safety

Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety>:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform the instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Behavior Concerns Advice Line (BCAL): 512-232-5050
- Further information regarding emergency evacuation routes and emergency procedures can be found at: <http://www.utexas.edu/emergency>.

Title IX Reporting

Title IX is a federal law that protects against sex and gender based discrimination, sexual harassment, sexual assault, sexual misconduct, dating/domestic violence and stalking at federally funded educational institutions. UT Austin is committed to fostering a learning and working environment free from discrimination in all its forms. When sexual misconduct occurs in our community, the university can:

1. Intervene to prevent harmful behavior from continuing or escalating.
2. Provide support and remedies to students and employees who have experienced harm or have become involved in a Title IX investigation.
3. Investigate and discipline violations of the university's relevant policies.

Faculty members and certain staff members are considered “Responsible Employees” or “Mandatory Reporters” which means that they are required to report violations of Title IX to the Title IX Coordinator. **I am a Responsible Employee and must report any Title IX related incidents** that are disclosed in writing, discussion, or one-on-one. Before talking with me, or with any faculty or staff member about a Title IX related incident, be sure to ask whether they are a responsible employee. If you want to speak with someone for support or remedies without making an official report to the university, email advocate@austin.utexas.edu. For more information about reporting options and resources, visit titleix.utexas.edu or contact the Title IX Office at titleix@austin.utexas.edu.

Draft of the Schedule. The schedule will be amended; updates and all information will be on the Canvas HOME page. This is only a draft!

Class #	Day	Month	Date	Topic	Coverage	Assignment
<u>Introduction, Business Strategy and Overall Assessments</u>						
1	Thurs	June	4	Topic 1	Introduction to Financial Statement Analysis with an in-class case	In-class case
2	Tues	June	9	Topic 2	Industry Assessment, Business Strategy Analysis and Financial Statements including: Identifying and Assessing Sustainable (or unsustainable) Competitive Advantages	Pre-class case
3	Thurs	June	11	Topic 2	Industry Assessment, Business Strategy Analysis and Financial Statements including: Identifying and Assessing Sustainable (or unsustainable) Competitive Advantages	Pre-class case
				Topic 3	and: Working a Financial Filing: Assessing Accounting and Reporting Choices and Information	
Fri	June	12			Group Project: Deliverable 1	
<u>Overview of Financial Analysis (Orange) Specific Topics and Accounting Analysis (Blue)</u>						
4	Tues	June	16	Topic 4	Introduction to Financial Analysis and Ratios including: An Assessment of the Grocery and Retail Industries	Pre-class case
5	Thurs	June	18	Topic 4	Overview of Analysis and Assessing the Income Statement and Profitability	Pre-class case
				Topic 4	Assessing the Balance Sheet and Understanding Efficiency	
				Topic 4	Understanding the Statement of Cash Flows: Interactivity of financial statements	
				Topic 4	Wrap up of Financial Analysis	
6	Tues	June	23	Topic 5	Understanding Business Performance and Revenue Recognition	Pre-class case
				Topic 5	Understanding the Interaction of Revenues, Expenses and Margins	
				Topic 6	Assessing Cash Flows	
7	Thurs	June	25	Topic 12	Understanding Drivers of Value this is an application of the lessons covered to date	Pre-class case
Fri	June	12			Group Project: Deliverable 2	
8	Tues	June	30	Topic 6	Assessing Working Capital, Liquidity and Sustainability of Cash Management	Pre-class case
				Topic 6	Analyzing Fixed Assets and Capital Expenditures to Understand Growth	
				Topic 9	Assessing Financial and Off-Balance Sheet Arrangements	
<u>Forecasting and Valuation</u>						
9	Thurs	July	2	Topic 10	Forecasting: Understanding the business and moving from mindless mechanics	Pre-class case
10	Tues	July	7	Topic 11	Firm Valuation Based on Thoughtful Analysis and Forecasts	Post-class case
11	Thurs	July	9	Topic 12	Understanding Driver of Value and Course Wrap Up: Group Presentations	Pre-class case
					Group Project: Final Deliverable	Post-class case
					No exam scheduled for the summer session.	
Not covered: Understanding and Assessing Taxes (Topic 7) and Understanding and Assessing Risks, Hedges and Derivatives (Topic 8). Please note your questions/insights on these areas if you are interested.						

Case and class details are provided on Canvas; see each specific class page for the official assignments and schedule. Exam information, when available, can be accessed here:

<https://registrar.utexas.edu/students/exams>