



BA 284T – Financial Accounting Fall 2024

Professor

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Course Web Page

Available on Canvas (<https://canvas.utexas.edu>)

COURSE DESCRIPTION AND DETAILS

This course provides a comprehensive, graduate-level introduction to accounting. It is designed to give managerially oriented users of accounting products the foundations of accounting concepts, the underlying mechanics, and the overall perspective required to become intelligent users of accounting information. The course will focus on the typical financial statements (e.g., balance sheets, income statements, and cash flow statements) along with the environment in which they are produced and used. The overarching perspective is that accounting reports provide information that is useful for a variety of purposes.

The course design emphasizes that the information content of accounting reports is jointly determined by the accounting methods used to generate the reports and the environment in which the reports are produced and used. Thus, the course integrates the study of accounting methods and the study of the accounting environment. Accounting concerns, in turn, vary with market opportunities, instruments, and organizational arrangements at hand.

The course is organized into two interrelated modules. First, we review accounting-related institutional details, the nature of financial reports, audits, and disclosure. This includes the examination of the three main financial statements, the nature of accrual measurement, and the information perspective that is central to the course. Second, we explore accounting methods in detail, focusing on revenue recognition, assets, liabilities, and equity. We explicitly consider accounting issues related to global organizations. Throughout the course, we explore a variety of settings in which these products are used, emphasizing ethics, data integrity, auditing regulations, financial statements analysis, and valuation.

LEADERSHIP AND THIS COURSE

The Texas MBA program is designed to develop influential business leaders. The MBA program has identified four fundamental and broad pillars of leadership: knowledge and understanding, communication and collaboration, responsibility and integrity, and a worldview of business and society.

In this course, you will enhance your knowledge and understanding of financial reporting (the language of business). You will enhance your communication and collaboration skills through class discussions, informal study groups, and projects. You will learn how high-quality, credible financial reporting helps managers to lead their organizations effectively and with integrity. Finally, the course includes cases and examples of international companies and reporting practices, which affords you a global perspective on financial reporting.

MATERIALS

The course webpage on Canvas (<https://canvas.utexas.edu>) has everything you need for this course, including class notes, homework problems, practice exams, and more. The class notes on Canvas are very comprehensive, so no textbook is assigned for this course. However, if you need a textbook to provide alternative explanations of the material we cover, I recommend a recent edition of "Financial Accounting for MBAs," by Easton, Wild, Halsey, and McAnally. A tentative class schedule is included on page 5.

Please note that sharing course materials with anyone not currently enrolled in the course is not allowed (both giving and receiving). It would be considered a violation of the honor code (and potentially copyrights).

EVALUATION

Grades will be assessed based on the Pre-MBA Accounting Courseware quizzes, required homework problem sets, a final project, and a final examination.

(i) Pre-MBA Accounting Courseware quizzes – You were provided with self-study materials, referred to as *Pre-MBA Accounting Courseware*, before the financial accounting course began. *Pre-MBA Accounting Courseware* is a fully online self-study program in accounting mechanics. There are four units in the self-study program, each with an end-of-unit quiz. These quizzes will form a small portion (2%) of your overall course grade. To get the 2% grade credit, you need to score at least 75 percent on each quiz before proceeding to the next unit to make sure you have reached the intended level of understanding. The completion date for this activity is 11:59 PM on Sunday, August 25.

(ii) Final Examination – There will be an in-class final examination on Friday, October 18, from 4-8 PM. I will provide more details about the exam format as we approach the end of the course. The final exam will account for 63% of your overall course grade.

(iii) Homework Problem Sets – Four homework problem sets accounting for 20% of your overall course grade are assigned during the course. The homework will be graded for completeness as well as accuracy. To see the homework that is due, either click on Assignments in the left margin of Canvas or review your Canvas calendar. Your homework should be submitted as a PDF document on Canvas. To submit your homework:

- Click on "Assignments" in the left margin of Canvas
- Click on the assignment you wish to upload
- When the assignment is opened, click on Submit Assignment in the right margin
- Browse for the file you wish to upload
- Click Submit Assignment, and you're done

(iii) Final Project—For the final project, you will use your new knowledge of financial reporting by completing a brief financial statement analysis for a company of your choosing. The final project will account for 15% of your overall course grade. It can be completed individually or jointly as a team of two. The final project completion deadline is 11:59 PM on Sunday, October 27. Additional details of the final project are provided in this document on pages 6-7.

COLLABORATION

Collaboration is strongly encouraged to understand this class's study material. However, homework must be written independently. Further, sharing electronic files for homework and the final project is not permitted, and collaboration on exams is also not permitted. Please carefully read the policy on academic integrity on page 9.

GRADES

The MBA Programs Committee approved the following target grade distribution for all Core and Flex Core courses: A (4.0) 25%, A- (3.67) 20%, B+ (3.33) 15%, B (3.0) 35%, B- or below (2.67) 5%. I hope I will not have to assign grades of C+ or below, but I will do so if warranted. Your grade in the course will be based on the following components:

	<u>Percentages</u>
Pre-MBA Accounting Coursework Quizzes	2%
Final Examination	63%
Homework Problem Sets	20%
Final Project	15%
Total	100%

To determine final grades, I will rank all students in the class from highest to lowest based on total points. I will then draw lines between A and A-, A- and B+, etc... based on the guidelines above.

GRADING DISPUTES

I will do my best to grade your work fairly, but grading errors can occur. If you believe I have made an error, you may request a re-grading of the assignment or exam. 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 or exam 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 *within one week from the date on which the assignment was first returned*. The request must state (1) the specific area of dispute, (2) your recommendation for a change in grade, and (3) an explanation or justification for your recommendation.

PROFESSIONALISM

McCombs Classroom Professionalism Policy. The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas MBA experience hinges on this. You should treat the Texas MBA classroom as you would a corporate boardroom. Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects. The Texas MBA classroom experience is enhanced when:

- Students arrive on time. On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.

- Students display their name cards. This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- Students are fully prepared for each class. Much of the learning in the Texas MBA program takes place during classroom discussions. When students are not prepared, they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- Students respect the views and opinions of their colleagues. Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- Students do not confuse the classroom for the cafeteria. The classroom (boardroom) is not the place to eat your breakfast tacos, wraps, sweet potato fries, or otherwise set up for a picnic. Please plan accordingly. Recognizing that back-to-back classes sometimes take place over the lunch hour, energy bars and similar snacks are permitted. Please be respectful of your fellow students and faculty in your choices.
- Students minimize unscheduled personal breaks. The learning environment improves when disruptions are limited.
- Students attend the class section to which they are registered. Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience and safety.
- Technology is used to enhance the class experience. When students are surfing the web, responding to e-mail, messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of technology in class. Faculty will let you know when it is appropriate.
- Phones and wireless devices are turned off. We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

COURSE SCHEDULE

This schedule is tentative, and I will adjust it if needed. Please refer to Canvas for the most up-to-date schedule.

Day/Date		Topic #	Topic Title	Assignment's Due
M	Aug 26	1	Introduction	
		2	Balance Sheet	
Th	Aug 29	3	Income Statement	
		4	Basic Procedures	
F	Sep 13	5	Cash Flow Statement	HW #1
Sa	Sep 14	6	Revenue Recognition	
Su	Sep 15			Select your FSA Project Company
F	Sep 20	7	Current Assets – Accounts Receivables	HW #2
Sa	Sep 21	8	Current Assets – Inventory	
		9	Long-term Operating Assets	
F	Oct 4	10	Liabilities – Bonds and Leases	HW #3
Sa	Oct 5	10/11	Liabilities – Bonds and Leases/Financial Statement Analysis	
		11	Financial Statement Analysis	
Su	Oct 13			HW #4
F	Oct 18		FINAL EXAM Covering material from Topics 1-11	
Su	Oct 27		FSA Project	Due no later than midnight, Oct 27

FINAL PROJECT DETAILS

Your "final project" is a financial statement analysis of a company you select. The ratios you are asked to compute are discussed in the class notes.

Your completed project should include:

- A completed table of ratios and other financial statement measures for the company you select. This table is shown at the bottom of the next page.
- A brief written document (1-2 pages, single spaced) evaluating your company's financial ratios, comprising the following four sections:

Section I—A brief (1-3 sentences) summary of your company's business and the economic environment in which it operates.

Section II—A brief evaluation over time of your company's:

- Return on equity (ROE),
- DuPont ratio components (profitability, efficiency, and leverage), and
- LT Debt-to-Assets ratio

Section III—A brief evaluation over time of your company's:

- Cash conversion cycle
- Cash liquidity and Cash Sources & Uses

Section IV— A brief (e.g., 1-2 sentence) description of the overall ratio trend and what it implies for current and future financial performance.

For written documents, each section should have an appropriate heading and the writing should be in the form of sentences and paragraphs, not bullet points.

You may confer with colleagues and use any other resources, including me or the TAs, in thinking about your financial statement analysis. However, you must individually complete your response to this assignment.

You will probably be able to find all of the financial statement information you need on the company's website (likely in a section titled "Investor Relations"). Note that you will have to look at more than one annual report to get enough years of data to do all of the computations. If you have trouble finding the information, you should select another company.

COMPANY SELECTION

By midnight on Sunday, September 15, you should submit via Canvas the name of the company you have selected to analyze and declare whether you will be doing the project individually or as a team. If you plan to work as a team, please announce the full name of your teammate. To do this, use the "Discussion Board" link at Canvas entitled "DISCUSSION BOARD, Select Your Company" and follow the directions.

Each member/team of a section must select a different company. Company selection is on a first-come, first-served basis, as established by your posting to the discussion board. Please review the discussion board to confirm that the company you wish to select has not already been selected. The company you select may be almost any publicly traded company of your choosing. However, please ensure that the company has data for all of the ratios below. This especially means that the company has (a) accounts receivable, (b) inventory,

and (c) accounts payable. This will eliminate companies in certain industries (such as financial services).

Also, avoid choosing companies with negative earnings (or losses) and shareholders' equity.

FINAL PROJECT DEADLINE

Your company analysis is due by midnight on Sunday, October 27. I strongly encourage you to chip away at the assignment during the semester. You are welcome to submit the assignment before the deadline if you have completed it early.

You should submit the assignment directly to Canvas, similar to the way in which you submit homework. Please do not turn in copies of the company's financial statements or the spreadsheet you used to compute your ratios.

Copy the table below into your report (also available as a Word document titled “Final Project Ratios Template” under Files on Canvas) and complete the ratios for all three years.

FINANCIAL STATEMENT ANALYSIS—YOUR COMPANY

Company name:

Company ticker:

Your name(s) and cohort:

Ratios and Other Analysis Measures	Year End (most recent 3 years)		
	20XX	20XX	20XX
<i>ROE and DuPont Ratios</i>			
ROE (NI / OE _{avg})			
Profitability (NI / Sales)			
Efficiency (Turnover = Sales / Assets _{avg})			
Leverage (Leverage = Assets _{avg} / OE _{avg})			
<i>Additional Efficiency Ratios</i>			
AR Turnover (Sales / AR _{avg})			
Days Receivables Outstanding (DRO) (365 / AR Turnover)			
Inventory Turnover (COGS / Inventory _{avg})			
Days Inventory (DI) (365 / Inventory Turnover)			
AP Turnover (Purchases / AP _{avg})			
Days Payables Outstanding (DPO) (365 / AP Turnover)			
CASH CONVERSION CYCLE (DI – DPO + DRO)			
<i>Additional Leverage Ratio</i>			
LT Debt-to-Assets (LT Debt, incl current portion / Total Assets)			
<i>Cash Liquidity, Cash Sources & Uses</i>			
Working capital (CA – CL)			
Current ratio (CA / CL)			
Quick Ratio [(Cash + ST Securities + AR) / CL)]			

POLICIES

STATEMENT ON LEARNING SUCCESS

Your success in this class is important to me. We will all need accommodations because we all learn differently. If there are aspects of this course that prevent you from learning or exclude you, please let me know as soon as possible. Together we'll develop strategies to meet both your needs and the requirements of the course. I also encourage you to reach out to the student resources available through UT. Many are listed on this syllabus, but I am happy to connect you with a person or Center if you would like.

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.

SHARING OF COURSE MATERIALS IS PROHIBITED

Sharing of Course Materials is Prohibited: No materials used in this class, including, but not limited to, lecture hand-outs, videos, assessments (quizzes, exams, papers, projects, homework assignments), in-class materials, review sheets, and additional problem sets, may be shared online or with anyone outside of the class unless you have my explicit, written permission. Unauthorized sharing of materials promotes cheating. It is a violation of the University's Student Honor Code and an act of academic dishonesty. I am well aware of the sites used for sharing materials, and any materials found online that are associated with you, or any suspected unauthorized sharing of materials, will be reported to Student Conduct and Academic Integrity in the Office of the Dean of Students. These reports can result in sanctions, including failure in the course.

FERPA AND CLASS RECORDINGS

Class recordings are reserved only for students in this class for educational purposes and are protected under FERPA. The recordings should not be shared outside the class in any form. Violation of this restriction by a student could lead to Student Misconduct proceedings.

STUDENT RIGHTS & RESPONSIBILITIES

- You have a right to a learning environment that supports mental and physical wellness.
- You have a right to respect.
- You have a right to be assessed and graded fairly.
- You have a right to freedom of opinion and expression.
- You have a right to privacy and confidentiality.
- You have a right to meaningful and equal participation, to self-organize groups to improve your learning environment.
- You have a right to learn in an environment that is welcoming to all people. No student shall be isolated, excluded or diminished in any way.

With these rights come responsibilities:

- You are responsible for taking care of yourself, managing your time, and communicating with the teaching team and with others if things start to feel out of control or overwhelming.

- You are responsible for acting in a way that is worthy of respect and always respectful of others. • Your experience with this course is directly related to the quality of the energy that you bring to it, and your energy shapes the quality of your peers' experiences.
- You are responsible for creating an inclusive environment and for speaking up when someone is excluded.
- You are responsible for holding yourself accountable to these standards, holding each other to these standards, and holding the teaching team accountable as well.

ACADEMIC INTEGRITY

Each student in the course is expected to abide by the University of Texas Honor Code: "As a student of The University of Texas at Austin, I shall abide by the core values of the University and uphold academic integrity." **Plagiarism is taken very seriously at UT.** Therefore, if you use words or ideas that are not your own (or that you have used in previous class), you must cite your sources. Otherwise you will be guilty of plagiarism and subject to academic disciplinary action, including failure of the course. You are responsible for understanding UT's Academic Honesty and the University Honor Code which can be found at the following web address: deanofstudents.utexas.edu/conduct

UNIVERSITY RESOURCES FOR STUDENTS

Your success in this class is important to me. We will all need accommodations because we all learn differently. If there are aspects of this course that prevent you from learning or exclude you, please let me know as soon as possible. Together we'll develop strategies to meet both your needs and the requirements of the course. There are also a range of resources on campus:

SERVICES FOR STUDENTS WITH DISABILITIES

This class respects and welcomes students of all backgrounds, identities, and abilities. If there are circumstances that make our learning environment and activities difficult, if you have medical information that you need to share with me, or if you need specific arrangements in case the building needs to be evacuated, please let me know. I am committed to creating an effective learning environment for all students, but I can only do so if you discuss your needs with me as early as possible. I promise to maintain the confidentiality of these discussions. If appropriate, also contact Services for Students with Disabilities, 512-471-6259 (voice) or 1-866-329- 3986 (video phone). diversity.utexas.edu/disability/about

COUNSELING AND MENTAL HEALTH CENTER

Do your best to maintain a healthy lifestyle this semester by eating well, exercising, avoiding drugs and alcohol, getting enough sleep and taking some time to relax. This will help you achieve your goals and cope with stress.

All of us benefit from support during times of struggle. You are not alone. There are many helpful resources available on campus and an important part of the college experience is learning how to ask for help. Asking for support sooner rather than later is often helpful.

If you or anyone you know experiences any academic stress, difficult life events, or feelings like anxiety or depression, we strongly encourage you to seek support. cmhc.utexas.edu/individualcounseling.html

STUDENT EMERGENCY SERVICES

If at any time you experience an emergency that necessitates your absence from a class requirement (e.g., attendance, assignment submission, or exam), please report your circumstances and absence via the Student Emergency Services website: deanofstudents.utexas.edu/emergency

IMPORTANT SAFETY INFORMATION

If you have concerns about the safety or behavior of fellow students, TAs or Professors, call BCAL (the Behavior Concerns Advice Line): 512-232-5050. Your call can be anonymous. If something doesn't feel right – it probably isn't. Trust your instincts and share your concerns.

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.

EMERGENCY EVACUATION

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. The following recommendations regarding emergency evacuation are from the Office of Campus Safety and Security, 512-471-5767, operations.utexas.edu/units/cosas

- 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 shall inform their 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.
- Link to information regarding emergency evacuation routes and emergency procedures can be found at: emergency.utexas.edu