

Course Syllabus

Course Information

Course Number/Section ACCT 6344.501
Course Title Financial Statement Analysis
Term 2019 Spring (01/14/2019 to 5/5/2019)

Professor Contact Information

Professor Dr. Umit G. Gurun
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Office Location JSOM 4.813
Office Hours Tuesday 5:00-7:00pm

Class location: JSOM 11.210

Class time: Tuesday 7:00 pm – 9:45 pm

About the Instructor

Dr. Gurun is a professor and has been teaching at University of Texas at Dallas for more than 10 years. He teaches financial statement analysis and investment courses at UTD. He was a visiting faculty at University of Texas at Austin (2010-2011) and Harvard University (2014). His research interests include disclosure strategies of firms to communicate investors using financial statement analysis.

Course Pre-requisites, Co-requisites, and/or Other Restrictions

ACCT 6201 or equivalent. The quantitative aspects of the course will require only elementary computational skills; however, a calculator and/or some spreadsheet knowledge will be required. I assume that you are familiar with basic finance/accounting concepts (such as definitions of debit/credit, balance sheet/income statement etc.) and have introduction level of accounting knowledge.

Course Description

Analysis of financial statements for evaluating firm performance and risk. Topics include interpretation of financial statements and footnotes, managers' incentives for earnings manipulation, comparative analysis of firms, and ethics in financial reporting.

Student Learning Objectives/Outcomes

This course provides you with a framework for business analysis and valuation using financial statement data. The focus is on integrating key concepts from accounting, economics, finance, and strategy areas and applying them to financial decision-making. You can expect to develop the following skills:

- (1) Extract relevant information from financial statements and other disclosures to see the underlying business activities and strategy,
- (2) Assess firm performance and risk,
- (3) Assess managerial strategic motives in reporting financial information and ways to adjust for such motives,
- (4) Forecast firm future performance
- (5) Value the firm or project

By the end of the course students should have answers to the following questions:

- How are fundamental values (or “intrinsic values”) estimated?
- How is “value created for shareholders” identified?
- What is the relevance of cash-flows? Of earnings? Of book values?
- How does profitability tie into valuation?
- What is growth? How does one analyze growth?
- How does one analyze the quality of financial reports?
- How does one deal with the accounting methods used in financial statements?

Required Textbooks and Materials

Required Texts

- "Financial Statement Analysis & Valuation" by Peter Easton, Mary Lea McAnally, Patricia Fairfield, Xiao-Jun Zhang, and Robert Halsey. 5. edition (ISBN: 978-1-61853-233-6)
- The book is available at the UTD bookstore and this website:
<http://www.cambridgepub.com/product/book/financial-statement-analysis-valuation-5th>

Other Suggested Course Materials

- Financial Statement Analysis and Security Valuation Hardcover – by Stephen Penman
- Financial Statement Analysis Hardcover – by K. R. Subramanyam
- The Intelligent Investor: The Definitive Book on Value Investing. A Book of Practical Counsel, by Benjamin Graham
- The Essays of Warren Buffett: Lessons for Corporate America, by Warren E. Buffett (Author), Lawrence A. Cunningham

Textbooks and some other bookstore materials can be ordered online through Off-Campus Books <http://www.offcampusbooks.com> or the UT Dallas Bookstore <http://www.bkstr.com/texasatdallasstore/home>. They are also available in stock at both bookstores.

Technical Requirements

In addition to a confident level of computer and Internet literacy, certain minimum technical requirements must be met to enable a successful learning experience. Please review the important technical requirements <http://www.utdallas.edu/elearning/students/getting-started.html#techreqs> on the Getting Started with eLearning webpage <http://www.utdallas.edu/elearning/students/getting-started.html>.

Course Access and Navigation

The course can be accessed using the UT Dallas NetID account at: <https://elearning.utdallas.edu>. Please see the course access and navigation <http://www.utdallas.edu/elearning/students/getting-started.html#courseaccessandnav> section of the site for more information.

To become familiar with the eLearning tool, please see the Student eLearning Tutorials <http://www.utdallas.edu/elearning/students/eLearningTutorialsStudents.html>.

UT Dallas provides eLearning technical support 24 hours a day/7 days a week. The eLearning Support Center <http://www.utdallas.edu/elearninghelp> services include a toll free telephone number for immediate assistance (1-866-588-3192), email request service, and an online chat service.

Exam Procedures

- Exam I: March 5
- Exam II: April 30

Grading Policy : Weights

Exam 1	45%
Exam 2	45%
Pop Quizzes	10%
<i>Total</i>	<i>100%</i>

Grading Scale

Scaled Score	Letter Equivalent
95-100	A
90-94	A-
85-89	B+
80-84	B
75-79	B-
70-74	C+
65-69	C
Less than 65	F

Grading Policy*Make-up exams*

No make-up exam will be given unless a proper document is provided (such a doctor's report) to explain the unanticipated absences.

Extra Credit

None.

Late Work

Late work will get no credit.

Academic Integrity

The University has policies and discipline procedures regarding academic dishonesty. Detailed information is available on the [UTD Judicial Affairs](#) web page. All students are expected to maintain a high level of responsibility with respect to academic honesty. Students who violate University rules on academic honesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since such dishonesty harms the individual, all students and the integrity of the University, policies on scholastic dishonesty will be strictly enforced.

Comet Creed

This creed was voted on by the UT Dallas student body in 2014. It is a standard that Comets choose to live by and encourage others to do the same:

“As a Comet, I pledge honesty, integrity, and service in all that I do.”

UT Dallas Syllabus Policies and Procedures

The information contained in the following link constitutes the University’s policies and procedures segment of the course syllabus.

Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

The information provided above and timeline outlined in the next page are subject to change at the discretion of the Professor. Any changes will be announced in the class or on the course website.

Module	UNIT/ DATES			TOPIC/LECTURE
1	1/14/19	to	1/20/19	Module 1: Framework for Analysis and Valuation
2	1/21/19	to	1/27/19	Module 2 : Overview of Business Activities and Financial Statements
3	1/28/19	to	2/3/19	Module 3: Profitability Analysis and Interpretation
4	2/4/19	to	2/10/19	Module 4: Credit Risk Analysis and Interpretation
5	2/11/19	to	2/17/19	Module 5: Revenue Recognition and Operating Income
6	2/19/19	to	2/24/19	Module 6: Asset Recognition and Operating Assets
7	2/25/19	to	3/3/19	Module 7: Liability Recognition and Non-owner Financing
Exam I: March 5				
8	3/11/19	to	3/17/19	Module 8: Equity Recognition and Owner Financing
	3/19/19	to	3/24/19	Spring Break
9	3/25/19	to	3/31/19	Module 9: Inter-corporate Entities
10	4/1/19	to	4/7/19	Module 10: Off- Balance Sheet Financing
11	4/8/19	to	4/14/19	Module 11: Forecasting Financial Statements
12 & 13	4/15/19	to	4/21/19	Module 12/13: Cost of Capital and Valuation Basics & Cash Flow Based
14	4/22/19	to	4/28/19	Module 14: Operating Income Based & Appendix B
15	4/29/19	to	5/5/19	Module 15: Market Based Valuation
Exam II: April 30				