ACCOUNTING 5394
CURRENT ISSUES IN ACCOUNTING:
FINANCIAL STATEMENT ANALYSIS
COLLEGE OF BUSINESS ADMINISTRATION
THE UNIVERSITY OF TEXAS AT EL PASO
FALL 2021

Contact Information
Instructor: Adam Esplin, Ph.D., Assistant Professor of Accounting
Office: 257 Business Administration Building
Email: aesplin@utep.edu
Office Hours: Tues.: 4:30 PM – 5:30 PM GBC (in-person)
Sat.: 11:30 AM – 12:30 PM GBC (in-person)
Mon.: noon – 1:00 PM Zoom (online)
Thurs.: noon – 1:00 PM Zoom (online)

https://utep-edu.zoom.us/j/6282280244?pwd=QktkNENzNEFZVW9FeFBNa2VXOHJrdz09
Meeting ID: 628 228 0244
Passcode: Account4it

Class Time: Tues.: 5:30 PM – 9:30 PM GBC 520A
Sat.: 12:30 PM – 4:30 PM GBC 110C

Required Course Materials
Cases: Harvard Business Cases (5):
**Students must purchase these cases.
https://hbsp.harvard.edu/import/867806

Website:
Blackboard Webpage: Students should check Blackboard regularly throughout the course
(multiple times per week). Blackboard announcements will be the primary form of
communication to students. You may want to adjust your Blackboard notification settings.
This video may help in adjusting your notification settings.
https://www.youtube.com/watch?time_continue=70&v=TAELZXiZBo4&feature=emb_logo

Calculator: Cell phones may not be used as calculators.

Optional Course Materials

Technical Support:
UTEP tech support: https://www.utep.edu/technologysupport/. Students experiencing
Technological challenges (email, Blackboard, etc.) can submit a ticket to the UTEP Helpdesk
for assistance. Contact the Helpdesk via phone, email, chat, website, or in person if on
Campus.

Course Description
This course is designed to introduce students to financial statement analysis and accounting-based
valuation. The course focuses on the use of financial information to value and assess equity and debt
securities. According to the Financial Accounting Standards Board (FASB), the primary purpose of
financial reporting (accounting information) is to assist investors in making investment decisions, both
equity investments and lending decisions. The course will introduce material that will strengthen the
student’s ability to understand and use financial statements. Students will learn contemporary valuation
models and how to incorporate financial information into these models to provide valuations of equity
securities and make equity investment decisions.

The course is particularly valuable in that the valuation techniques learned here are universal and
therefore should serve financial managers throughout their careers. Accounting standards change on a
regular basis; however the fundamentals of valuation and the fundamental valuation models themselves
will not change. In fact, a strong understanding of valuation should help students to anticipate and adapt
to ever-changing accounting standards.

Communication
- The easiest way to contact me is through email (aesplin@utep.edu). I will respond to email
  messages within 24 hours (usually quicker).
- For general questions (questions that other students might also have) please post to the course
discussion board and I will respond there.

Accommodations for Students with Disabilities
If you have or suspect a disability and need accommodations, you should contact the Center for
Accommodations and Support Services (CASS) at 747-5148. You may also email the office at
cass@utep.edu or visit the office in the Union Building East, Room 106. For additional information,
please visit the CASS website at http://sa.utep.edu/cass/

COVID-19 Precaution Statement
If you have tested positive for COVID-19, you are encouraged to report your results to
covidaction@utep.edu, so that the Dean of Students Office can provide you with support and help with
communication with your professors. It is important to follow all instructions that you receive as part of
the diagnosis, including isolation and staying at home until a negative test is produced.

If you experience COVID-19 symptoms, please follow the isolation protocol by staying at home and
getting tested as soon as possible. If the test is negative but you are still seeking accommodations, please
contact the Dean of Students Office for guidance in a timely manner. Your instructor will work with the
Dean of Students Office to determine the extent of any such accommodations.

We strongly encourage you to think and act proactively in all matters related to COVID-19 and your
academic endeavors. The Center for Disease Control and Prevention recommends that people in areas of
substantial or high COVID-19 transmission wear face masks when indoors in groups of people. The best
way that Miners can take care of miners is to get the vaccine. If you still need the vaccine, it is widely
available in the El Paso area, and will be available at no charge on campus during the first week of
classes. For more information about the current rates, testing, and vaccinations, please visit epstrong.org.

Plagiarism and Cheating
You are encouraged to discuss homework assignments with other classmates. However, copying work
from any source, including classmates, homework files, the Internet, etc. is not acceptable. Submitting
material that has been copied constitutes plagiarism and will be treated as cheating. All students are
expected to complete their own work and to abide by the Handbook of Operating Procedures available in
the Office of the Dean of Students or online. All exams will be closed book and closed note and should
reflect your individual efforts. No cell phones may be used during exams. Any suspected cheating will
be reported to the Office of Student Conduct and Conflict Resolution.
Plagiarism Detecting Software
Some of your course work and assessments may be submitted to SafeAssign, a plagiarism detecting software. SafeAssign is used to review assignment submissions for originality and will help you learn how to properly attribute sources rather than paraphrase.

Copyright Statement for Course Materials
All materials used in this course are protected by copyright law. The course materials are only for the use of students currently enrolled in this course and only for the purpose of this course. They may not be further disseminated.

Grades
Your final letter grade will be based on the following items (weighted as follows):

Exam: Saturday, October 30th (in class) 100 points

Cases and In-class Activities:
Case write-ups (Twenty points each) 100 points
In-class group activities (Ten points each) 90 points

Project:
Group project and presentation 80 points

Participation/Professionalism Activities:
Class participation/professionalism 30 points
Total Possible Points 400 points

Grades are assigned using the following scale:

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Achievement</th>
<th>Percentage of Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Excellent</td>
<td>90.0 to 100.0%</td>
</tr>
<tr>
<td>B</td>
<td>Good</td>
<td>80.0 to 89.9%</td>
</tr>
<tr>
<td>C</td>
<td>Average</td>
<td>70.0 to 79.9%</td>
</tr>
<tr>
<td>D</td>
<td>Below Average but Passing</td>
<td>60.0 to 60.9%</td>
</tr>
<tr>
<td>F</td>
<td>Failure</td>
<td>&lt; 60%</td>
</tr>
</tbody>
</table>

I reserve the right to relax these cut-off points depending upon class performance.

Exam (100 points)
Please bring your calculator and a blank Scantron sheet. The exam is closed book and closed note.

Case Write-ups (100 points)
A one-to-two page, single-spaced case write-up, not including appendices, (two to four pages if double spaced) is due at the beginning of class on our case discussion days (October 5th, October 9th, October 12th, October 19th, and October 23rd). The case write-up must be typed (no handwritten write-ups please). Case discussion questions will be provided. Any calculations should be attached as an appendix. If you are unable to attend class for one of our case discussions, you must turn in the case write-up prior to class either in hard copy or via e-mail. You may discuss the cases with classmates, but the case write-up you turn in should be your own work.
Late Cases
A 25% late penalty is assessed on case write-ups turned in after the assigned due date and time. Any late case write-ups must be turned in at or before the final exam on October 30th.

In-class group activities (90 points)
Nine in-class group activities will administered during the course of the semester. These activities will be completed as a group and only one solution will be submitted per team. Each activity is worth ten points.

Course Group Project (80 points)
The course project consists of an analysis of financial statement information and the valuation of a company of your choice. The project allows you to dig deeply into the strategies, drivers of profitability and risk, growth opportunities and accounting and valuation issues of a company you are interested in. This project also gives you the opportunity to apply and refine your analysis tools gained throughout the course.

Additional information on the course project will be provided in class. You will give a PowerPoint presentation and turn in a hard copy of your valuation report on October 26th.

Class Participation/Professionalism (30 points)
You are expected to attend class and actively participate. Participation credit worth 30 points will be given based on the quality and quantity of your participation. All students start off with 23 participation points. The more you volunteer answers or ask questions, the higher your participation credit will be. Unprofessional behavior (such as unapproved cell phone use, texting, inappropriate discussions, absences and/or tardiness) may reduce your participation points. Please turn off cell phones during class to minimize disruptions. I will implement a seating chart to allow me to more easily track class participation.

Campus Carry
Although persons who-hold a concealed handgun license can lawfully carry their gun into a UTEP classroom the classrooms located at the GBC are not owned by UTEP. This facility is leased from an organization not affiliated with UTEP. Therefore, there are no weapons allowed at the GBC facility located in the Chase Bank Building.

Academic Standing
At the graduate level, academic standing is based on cumulative grade point average not by major or program of study. All coursework (GR/DR/SP) completed at the student’s respective level is part of the graduate academic record/transcript, and all respective grades earned are part of the cumulative GPA. This applies to all courses even if the courses are not part of the degree requirements.

- Courses are listed on transcripts with their respective cumulative grade point average according to the level of the course not the level of student.
- At the graduate level, courses cannot be repeated for GPA recalculation.

Probation
- Graduate students (degree seeking) in graduate programs must maintain a minimum 3.0 cumulative grade point average.
- Post-baccalaureate, teacher and professional certification and/or endorsement students (non-degree) must maintain a minimum 2.5 cumulative grade point average.
- Failure to meet the minimum cumulative GPA requirement will result in academic probation.
- If placed on academic probation, the cumulative GPA must be raised to a 3.0 for degree seeking students or 2.5 for non-degree seeking students by the conclusion of the next nine semester hours of enrollment or the student may face permanent dismissal from the Graduate School.
Course Calendar
The course calendar with a class-by-class description of course activities can be found below. It includes the topics to be covered each lecture, assignments, and all due dates. Be aware that I cannot predict the precise flow of the course and these dates may have to be adjusted slightly from time to time. Modifications to the schedule and changes in course requirements will be announced in class and/or through Blackboard.

I reserve the right to change any assignment if circumstances dictate. Students will be notified of any changes through an announcement in class and/or via Blackboard. You have the responsibility to be aware of such changes by checking Blackboard regularly and attending class.
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Class</th>
<th>Textbook Chapters</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/28 Tues</td>
<td>Syllabus Review, Intro to Investing and Valuation, Intro to Financial Statements</td>
<td>1</td>
<td>1 &amp; 2</td>
</tr>
<tr>
<td>10/2 Sat</td>
<td>How Financial Statements are Used in Valuation; Estimating the Equity Cost of Capital.</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>
| 10/5 Tues  | Discounted Cash Flow Valuation  
HurryDate case | 3     | 4                 |
| 10/9 Sat   | Accrual Accounting and Valuation: Residual Earnings; Valuation and Active Investing Midland Energy Resources, Inc.: Cost of Capital case. | 4     | 5 & 7             |
| 10/12 Tues | The Analysis of the Statement of Shareholders' Equity, Balance Sheet, and Income Statement. LinkedIn Corporation case. | 5     | 9 & 10            |
| 10/16 Sat  | Analysis of the Cash Flow Statement & Analysis of Profitability. | 6     | 12                |
| 10/19 Tues | Analysis of Sustainable Earnings & Value of Operations. Dollar General Going Private case. | 7     | 14                |
| 10/23 Sat  | Simple Forecasting & Full-Information Forecasting. Harnischfeger Corp case. | 8     | 16                |
| 10/26 Tues | Group project presentations.  
Final Exam review. | 9     |                   |
| 10/30 Sat  | Final Exam                                                            | 10    |                   |