

**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](mailto: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=QktkNENzNEFZVW9FcFBNa2VXOHJrdz09>

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](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**

Textbook: Financial Statement Analysis and Security Valuation, Fifth Edition, by Stephen H. Penman. McGraw-Hill/Irwin, 2013.

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](mailto: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](mailto: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](http://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 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:**

Exam	Saturday, October 30 <sup>th</sup> (in class)	100 points
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**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
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**Participation/Professionalism Activities:**

Class participation/professionalism		<u>30 points</u>
Total Possible Points		400 points

Grades are assigned using the following scale:

Grade Level	Achievement	Percentage of Points
A	Excellent	90.0 to 100.0%
B	Good	80.0 to 89.9%
C	Average	70.0 to 79.9%
D	Below Average but Passing	60.0 to 60.9%
F	Failure	< 60%

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 5<sup>th</sup>, October 9<sup>th</sup>, October 12<sup>th</sup>, October 19<sup>th</sup>, and October 23<sup>rd</sup>). 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 30<sup>th</sup>.

**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 26<sup>th</sup>.

**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.

Date		Topic	Class	Textbook Chapters
9/28	Tues	Syllabus Review, Intro to Investing and Valuation, Intro to Financial Statements	1	1 & 2
10/2	Sat	How Financial Statements are Used in Valuation; Estimating the Equity Cost of Capital.	2	3
10/5	Tues	Discounted Cash Flow Valuation <b>HurryDate</b> case	3	4
10/9	Sat	Accrual Accounting and Valuation: Residual Earnings; Valuation and Active Investing <b>Midland Energy Resources, Inc.: Cost of Capital</b> case.	4	5 & 7
10/12	Tues	The Analysis of the Statement of Shareholders' Equity, Balance Sheet, and Income Statement. <b>LinkedIn Corporation</b> 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. <b>Dollar General Going Private</b> case.	7	14
10/23	Sat	Simple Forecasting & Full-Information Forecasting. <b>Harnischfeger Corp</b> case.	8	16
10/26	Tues	<b>Group project presentations.</b> Final Exam review.	9	
10/30	Sat	<b>Final Exam</b>	10	