

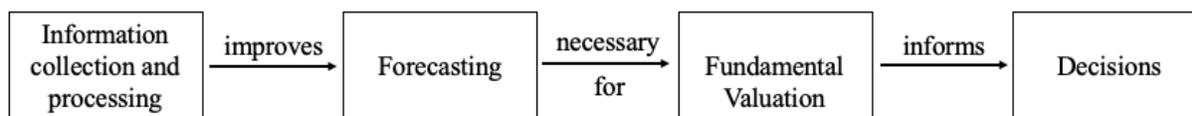
Accounting 510; Spring 2021
Introduction to Financial Statement Analysis

Professor:	Brian Gale	Email:	bgale@uw.edu
Office:	PCAR 513 / Zoom	Web Page:	canvas.uw.edu
Office Hours:	TBD		

Course Description

Over the next ten weeks we will discuss financial reporting from multiple perspectives, use a variety of tools to break apart financial reports into meaningful units for analysis, forecast financial statements, and value a firm. We will also use the financial reporting setting to understand how GAAP rules and managerial incentives affect the quality and interpretation of financial statements.

The Course Diagram



The course is divided into 2 sections: (1) Collecting and Processing Information and (2) Forecasting, Valuation, and Decision-Making.

Course Objective

The broad objective of this course is to provide you with the knowledge and skills necessary to analyze, interpret, understand, and use publicly available financial information to make informed decisions. Specifically, this course examines the role of corporate financial reporting in financial analysis. The focus is on the analysis of public companies performed by external parties, with a particular focus on equity valuation. Tools learned will also be useful for credit analysis, predicting financial distress, and evaluating managerial performance.

Course Materials

I will make cases and slides available on our Canvas course web site.

Zoom

All classes this quarter will be conducted via Zoom. My goal is to simulate the in-class environment as closely as possible, while realizing that certain aspects cannot substitute for a true, in-class experience. I expect you all to participate in Zoom sessions and conduct yourselves in a similar manner as you would in an actual class.

Point Distribution

	Points
Professionalism and Participation	100
Exams (2)	250
Analyst Report	<u>150</u>
Total	500

Final grades will be determined based upon a student's demonstrated competency of the material and upon how well a student performs relative to peers. Final grades may be adjusted to arrive at a target grade distribution. If you believe a grading error has been made, it is your responsibility to notify me *within one week* after your grade is posted on Canvas.

I consider all written work as professional writing assignments. *Please proof your work.*

Professionalism and Participation

I expect you to treat this class as you would treat any professional responsibility. For example, I expect you to be on time and prepared to discuss all materials relevant to the topic of the day. Learning is an active process. My evaluation of your professionalism considers your attendance, preparation, participation, and respect for others in each class session. Your professionalism and participation grade will be determined as follows:

	Points
Completion of out-of-class cases	40
My assessment of your professionalism and participation	30
Team members' assessment of your contributions*	20
Completion of research study	<u>10</u>
Total	100

*At the end of the term, you must provide an assessment of your other team members; otherwise, you will receive a 0 for this portion of your own grade. More details will be provided later.

Cases

You will complete all cases in teams of three or four. The only exception to this is Case 1, which can be completed individually. Approximately half of the cases will be completed out of class and approximately half in class. Cases that are *not* completed in class must be uploaded to Canvas by one team member *before* the start of class.

Exams

There will be two “in-class” exams (see Course Outline below for dates). Both exams will be open-note / open-book but “closed” people. In other words, you can use any and all materials, but you are *not* allowed communicate with others (e.g., in-person, messaging, e-mail, etc.) during exams.

Analyst Report

The final project for the course is developing an analyst report, which you will complete in the same teams as the cases. The purpose of the analyst report is to have you apply the various tools and techniques we cover to a publicly-traded firm of your choosing. A checklist for each component of the written report will be available on Canvas.

The analyst report consists of four deliverables (see Course Outline below for due dates):

- Deliverable #1: Firm Sheet (5 points)
- Deliverable #2: Written Report Part I (60 points) – Understanding your firm and FSA
- Deliverable #3: Written Report Part II (60 points) – Forecasting and Valuation
- Deliverable #4: Final Project (25 points) – Analyst Report and Presentation

Administrative Matters

Communication

I will use Canvas and UW e-mail to communicate. Please be sure you have access to Canvas, and be sure to check your **UW e-mail** regularly (I will post announcements on Canvas, and if you have your email forwarded these announcements may not forward). You should treat communication in class and with me via email as a practice for communicating in a professional environment. In professional environments, communication via email should always be polite and succinct.

Please communicate with me via the email system in Canvas to ensure FERPA compliance.

Office Hours

I will be available for virtual office hours. Office hours should be treated as a practice for face-to-face communication in a professional environment. As such, students are expected to be prepared (with specific questions), polite, and succinct.

Religious Accommodation Information

Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities.

- The UW's policy, including more information about how to request an accommodation, is available at [Religious Accommodations Policy](https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/) (<https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/>).
- Accommodations must be requested within the first two weeks of this course using the [Religious Accommodations Request form](https://registrar.washington.edu/students/religious-accommodations-request/) (<https://registrar.washington.edu/students/religious-accommodations-request/>).

Technology Courtesy Policy

Appropriate use of technology is required for ACCTG 510. The Foster Undergraduate Program is committed to providing an active learning environment where student participation and engagement is valued. In the spirit of creating such an experience in the classroom all electronic devices including, but not limited to: laptops, tablets, e-readers, cell phones, etc. are only to be used for class purposes and not personal purposes. Violations of the technology courtesy policy may result in: (1) you being asked to leave the classroom and/or (2) a penalty to your professionalism grade. Violations also result in lower class engagement and a poorer learning experience.

Academic Integrity

By being a student in this course, you acknowledge that you are a part of a learning community at the Foster School of Business that is committed to the highest academic standards. As a part of this community, you pledge to uphold the fundamental standards of honesty, respect, and integrity, and accept the responsibility to encourage others to adhere to these standards. The [Student Conduct Code](#) outlines the expectation of academic conduct and the consequences of misconduct. Specifically, as a student participating in this course, you are agreeing to the following:

I will uphold the fundamental standards of honesty, respect, and integrity, and I accept the responsibility to encourage others to adhere to these standards.

HONESTY: I will be truthful with myself and others.

RESPECT: I will show consideration for others and their ideas and work.

INTEGRITY: I will be a leader of character. I will be fair in all relations with others.

I view cheating as an offense against your fellow students in the course, against the professor, and against the university as a whole. Because it is a large part of my responsibility to ensure that all students are treated fairly and to uphold and build the reputation of the university, I take all forms of cheating very seriously and will impose maximum penalties allowed under the policies of the university.

COURSE OUTLINE

	DATE	TOPIC	CASE	DUE BY CLASS
1	3/29/2021	Introduction and course framework <u>and</u> Using ratio analysis to understand the business	Case 1	Case 1
2	4/5/2021	Earnings announcements <u>and</u> Non-GAAP earnings	Case 2	Case 2
3	4/12/2021	Conference calls <u>and</u> Management guidance (Guest: Bill G.)	Case 3	Case 3; Analyst Report Deliverable #1 (Firm Sheet)
4	4/19/2021	Incentives, compensation, and governance <u>and</u> Earnings quality	Case 4	Case 4
5	4/26/2021	Exam #1 <u>and</u> Overview of Section 2		
6	5/3/2021	Forecasting revenue <u>and</u> Fine-tuning our forecast		Analyst Report Deliverable #2 (Written Report Part I)
7	5/10/2021	Industry, competition, and strategy <u>and</u> Valuation – Residual Income Approach	Case 5	Case 5
8	5/17/2021	Valuation – Alternative Approach <u>and</u> Differences of opinion and short selling	Case 6	Case 6
9	5/24/2021	Presentations <u>and</u> Catch-up and review		Analyst Report Deliverables #3 and 4 (Written Report Part II and Presentation / Final Project)
10	5/31/2021	Memorial Day; Exam #2 timing TBD		