

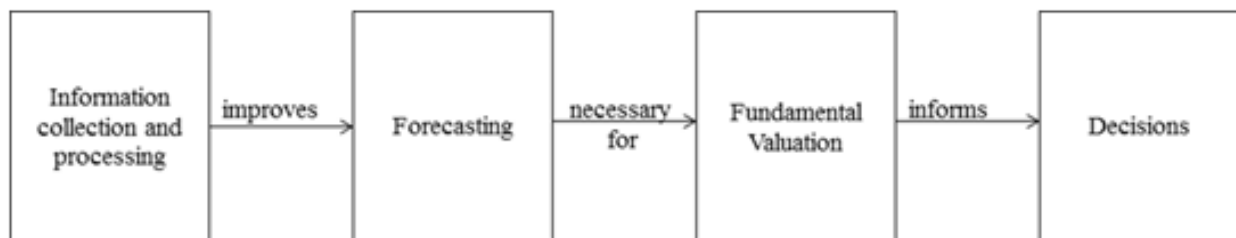
Daytime MBA Accounting 510
Introduction to Financial Statement Analysis
1:30pm-3:20pm Tuesday and Thursday
Spring 2022

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Office:	PCAR 553	Email:	smcvay@uw.edu
Office Hours:	By appointment	Web Page:	https://canvas.uw.edu

Course Description

Over the next ten weeks we will discuss financial reporting from a user's perspective, 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 cover the context of financial reporting 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. The course is designed to achieve the following objectives:

- To develop skills in analyzing financial information found in annual (10-K) and quarterly (10-Q) SEC filings;
- To develop an appreciation for the usefulness and limitations of this financial information;
- To develop an understanding of, and appreciation for, fundamental financial statement analysis;
- To use the above knowledge to forecast a firm's financials and generate an estimated value of the firm.

Course Materials

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

⇒ If you wish to explore a topic more deeply, please see me for references.

Point Distribution

	Points
Professionalism and Participation	50
Cases (via pre-class quizzes)	150
Weekend quizzes	150
Analyst Report	150
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. Hence, your *high-quality* participation will be evaluated daily. I will also be surveying each of you for team member contribution assessments, which will comprise half of your participation grade.

- **Cases:**
There are nine cases. Attempting the cases before class will greatly increase the benefit you get from attending class (it is difficult to absorb the in-class discussion if you have not attempted the case). To encourage this pre-work, I will test your knowledge of these cases through pre-class case quizzes. I will drop your lowest case quiz score.
- **Weekly Weekend Quizzes:**
There will be weekly quizzes consisting of questions designed to assess your comprehension of the material we have covered. The quizzes are “open notes,” but “closed people.” Weekend quizzes will be available Friday through Sunday of each week. I will drop your lowest weekend quiz score.
- **Analyst Report:** 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. Only one group can select any given company so if you have a strong desire to investigate a specific firm, get your form in early. Groups are comprised of self-formed groups of three to five. Please let me know if you have any trouble finding a group. I suggest that you avoid banks and firms that have recently been involved in large mergers.

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 (50 points) – Forecasting and Valuation
- Deliverable #4: Presentation (35 points)

Communication

I will use Canvas to post announcements and UW e-mail to send individual emails. If you do not hear back from me within 12 hours, please email again; if you sent your email from a non-UW email, please either email through Canvas or use your UW email (I check spam for student emails, but not necessarily every day).

Inclusive Classroom

The University of Washington supports an inclusive learning environment where diverse perspectives are recognized and respected. In this course, I will strive to create welcoming spaces where everyone feels included and engaged. If you do not experience an inclusive learning environment in my class, please provide your feedback for me to learn and improve. You can either do that by talking to me in office hours or take [this anonymous survey](#) that is always up and available for you.

Code of Conduct

By being a student in this class, you acknowledge that you are a member of a learning community in the Foster School of Business that is committed to the highest academic

standards. As a member of this community, you agree to refrain from cheating, attempting to cheat, plagiarism, lying, and stealing in relation to academic work.

In addition, I ask that you avoid distractions during class (your phone, other things on your computer). Research shows that being distracted (surfing the Web, checking email, texting, etc.) inhibits your ability to learn and distracts others (including me). Thanks for supporting this policy.

Accommodations

Your experience in this class is important. If you have already established accommodations with Disability Resources for Students (DRS), please communicate your approved accommodations to me at your earliest convenience so we can discuss your needs in this course.

If you have not yet established services through DRS, but have a temporary health condition or permanent disability that requires accommodations (conditions include but not limited to; mental health, attention-related, learning, vision, hearing, physical or health impacts), you can learn more here: <http://depts.washington.edu/uwdrs/>

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/>

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>

Course Outline

DATE	TOPICS	PRIOR TO CLASS
Section 1: Collecting and Processing Information		
March 29 Class 1	<ul style="list-style-type: none"> Introduction and framework for the course 	Complete the “getting to know you” survey
March 31 Class 2	<ul style="list-style-type: none"> Earnings announcements 	Attempt Case Complete pre-class quiz by 1:30pm
April 5 Class 3	<ul style="list-style-type: none"> Understanding non-GAAP earnings 	Attempt Case Complete pre-class quiz by 1:30pm
Analyst Report Firm Sheet due April 6		
April 7 Class 4	<ul style="list-style-type: none"> Using ratio analysis to understand the business 	Attempt Case Complete pre-class quiz by 1:30pm
April 12 Class 5	<ul style="list-style-type: none"> Firm choices and ratios: internally versus externally developed intangibles 	Attempt Case Complete pre-class quiz by 1:30pm
April 14 Class 6	<ul style="list-style-type: none"> Incorporating macroeconomics, industry, and strategy 	Attempt Case Complete pre-class quiz by 1:30pm
April 19 Class 7	<ul style="list-style-type: none"> Incorporating managerial incentives 	Reading on Canvas Attempt Case Complete pre-class quiz by 1:30pm
April 21 Class 8	<ul style="list-style-type: none"> Incorporating earnings quality 	Attempt Case Complete pre-class quiz by 1:30pm
Analyst Report Written Report Part I due April 25		

Course Outline

DATE	TOPICS	PRIOR TO CLASS
Section 2: Forecasting, Valuation and Decision-Making		
April 26 Class 9	<ul style="list-style-type: none"> ▪ Overview of forecasting 	
April 28 Class 10	<ul style="list-style-type: none"> ▪ Overview of accounting-based valuation 	
May 3 Class 11	<ul style="list-style-type: none"> ▪ Guest Speaker – Jay Huck Egerton Capital 	
May 5 Class 12	<ul style="list-style-type: none"> ▪ Implementation of a detailed forecast 	Attempt Case Complete pre-class quiz by 1:30pm
May 10 Class 13	<ul style="list-style-type: none"> ▪ Fine-tuning your forecast 	
May 12 Class 14	<ul style="list-style-type: none"> ▪ The role of short-sellers 	Attempt Case Complete pre-class quiz by 1:30pm
May 17 Class 15	<ul style="list-style-type: none"> ▪ Additional technical accounting issues 	
May 19 Class 16	<ul style="list-style-type: none"> ▪ A valuation summary and application 	<i>**Analyst Report Presentation Slide Deck due May 24 by 1:30pm**</i>
May 24, 26, 31 Classes 17–19	<ul style="list-style-type: none"> ▪ Final presentations 	

*****Analyst Written Report Part II due June 2*****