

# ACCOUNTING, BUSINESS ANALYSIS, AND VALUATION

ACCT 5760-001

Spring - 2014

## COURSE SYLLABUS

### INSTRUCTOR

Name: **Dr. Paul D. Hutchison**

Office Number: **BLB 312C**

Office Hours: **Tuesday 11:00 AM – 12:00 PM,  
Wednesday 9:00 AM – 12:00 PM,  
Thursday 11:00 AM – 12:00 PM,  
open-door policy, and by appointment.**

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### COURSE OBJECTIVE

The objective of this course is to utilize strategic and critical thinking skills to investigate accounting issues. Through the analysis of intra-disciplinary cases, students show that they have the relevant research skills and technological sophistication to access, evaluate, and interpret relevant information needed for decision making.

### PREREQUISITES

ACCT 5110 or ACCT 5310, and ACCT 5120.

### COURSE CONTENT

A study of the following accounting subject areas is included in this course:

- |   |   |
|---|---|
| 1. Framework for Analysis and Valuation                     | 5. Forecasting Financial Statements     |
| 2. Overview of Business Activities and Financial Statements | 6. Cost of Capital and Valuation Basics |
| 3. Profitability Analysis and Interpretation                | 7. Cash-Flow-Based Valuation            |
| 4. Credit Risk Analysis and Interpretation                  | 8. Operating-Income-Based Valuation     |
|   | 9. Market-Based Valuation               |

### COURSE MATERIALS

1. Required: **Financial Statement Analysis and Valuation** (3<sup>rd</sup> Edition) by Easton, McAnally, Sommers, and Zhang (Cambridge Business Publishers, 2013) (ISBN 13: 978-1-61853-009-7).
2. **myBusinessCourse** course management platform.  
<http://www.mybusinesscourse.com>
3. **Required: Harvard Business Cases** (15 cases + 1 reading). They can be purchased directly from Harvard Business Publishing at: <https://cb.hbsp.harvard.edu/cbmp/access/23573818>

## UNT, COB, AND DEPARTMENT OF ACCOUNTING POLICIES

<b>Academic Dishonesty</b>	The university's policy on academic dishonesty is clearly set forth in the University of North Texas (UNT) Graduate and Undergraduate Catalogs. This policy will be strictly enforced. Academic dishonesty includes cheating and plagiarism. <i>Cheating</i> includes, but is <u>not limited</u> to (1) use of any unauthorized assistance in taking quizzes or exams; (2) dependence upon the aid of sources beyond those <u>authorized</u> by the instructor in writing papers, preparing reports, solving problems, or carrying out other assignments; or (3) the acquisition, without permission, of exams or other academic material belonging to a faculty member or staff of the university. <i>Plagiarism</i> includes, but is <u>not limited</u> to, the use, by paraphrase or direct quotation, of the published or unpublished work of another person without full and clear acknowledgment. It also includes the unacknowledged use of materials prepared by another person or agency engaged in the selling of term papers or other academic materials. Punishment for academic dishonesty will result in an <u>automatic "F"</u> in the course and possibly suspension or expulsion from UNT. For additional information on the UNT <i>Academic Integrity Policy</i> see: <a href="http://vpaa.unt.edu/academic-integrity.htm">vpaa.unt.edu/academic-integrity.htm</a>
<b>Religious Observations</b>	Students who anticipate the necessity of being absent from class due to a major religious observance must provide notice of the date(s) to the instructor, in writing, during the <u>first week</u> of the semester.
<b>Disability</b>	UNT complies with the Americans with Disabilities Act (ADA) in making reasonable accommodation for qualified students with disabilities. If you have an established disability, as defined in the ADA, and would like to request accommodation, UNT requires that you see the instructor during the <u>first week</u> of the semester and provide him with the necessary supporting UNT documents in order to receive said accommodations. Otherwise, accommodations desired may not be available due to insufficient notice.
<b>Privacy</b>	Pursuant to the provisions of the Family Education Rights and Privacy Act ("FERPA" 20 USC Par. 1232g), I do <u>not</u> post grades, give grades out to second parties, nor disclose grades over the telephone. For course grade(s), please see me personally or view them using Blackboard Learn.
<b>W/WF Grades</b>	A "W" grade will be given to students who drop the course by the UNT deadline for the last day to drop/withdraw from a course without academic penalty. After this deadline, students who drop/withdraw from the course will be subject to a "W" or "WF" grade.
<b>Exam Review/Retention</b>	After the exams are graded, the instructor will review the exam with the class and collect all exams. (Failure to return an exam to the instructor at the conclusion of the class in which it is reviewed will result in a "0" for that exam.) All exams will be retained for one year, and then destroyed.
<b>Acceptable Student Behavior</b>	Student behavior that interferes with an instructor's ability to conduct a class or other students' opportunity to learn is unacceptable and disruptive and will not be tolerated in any instructional forum at UNT. Students engaging in unacceptable behavior will be directed to leave the classroom and the instructor may refer the student to the <i>Center for Student Rights and Responsibilities</i> to consider whether the student's conduct violated the UNT <i>Code of Student Conduct</i> . The university's expectations for student conduct apply to all instructional forums, including university and electronic classrooms, labs, discussion groups, field trips, etc. The <i>Code of Student Conduct</i> can be found at: <a href="http://deanofstudents.unt.edu/conduct">deanofstudents.unt.edu/conduct</a>

With the foregoing in mind and to achieve a civil learning environment, students should clearly understand their obligations to the instructor and to their classmates. Students should:

1. Arrive on time for all classes.
2. Stay in their seats during the entire class, except for authorized breaks by the instructor.
3. Refrain from talking with other students during class lectures.
4. Not utilize laptop (or tablet) computers during class times.
5. Not place cellphones or other electronic devices on desktops.
6. Refrain from reading magazines, newspapers, assignments from other classes, and material that might distract their classmates.

The instructor will enforce these rules. Student failure to adhere to these rules will be considered "disruption of the academic process" and may result in student removal from this class.

## COURSE POLICIES

<b>Instructor's Expectations</b>	Since this is a graduate-level, financial accounting, capstone course, my expectation is that students will conduct themselves at that level. Prior to class, you should complete all assigned readings and homework.
<b>Accounting Knowledge</b>	Since students are in an accounting graduate degree program, the instructor will assume that all students have a working knowledge of financial and managerial accounting. Reference in homework, cases, and exams to financial or managerial accounting material can be expected.
<b>Attendance</b>	<p>This is a discussion-based course and thus, class attendance is <u>extremely important</u>. If you <u>miss two or more classes</u> without a valid reason (validity to be determined by the instructor), then you will be dropped from the course by the instructor with a WF for non-attendance.</p> <p>Students who attend class will be expected to stay for the class' duration until the instructor dismisses them. If a class is missed, it is the <u>student's responsibility</u> to determine the announcements and material presented in class. <b>Anything discussed in class, whether covered in the text or not, may appear on exams.</b></p>
<b>Class Format/ Participation</b>	This accounting class will be conducted in an open, interactive, lecture/discussion format. You, individually, and the class, collectively, will benefit from your participation in class discussions. For each class, you should be prepared to participate in a meaningful way.
<b>International</b>	During the semester, the instructor will present and discuss material about international accounting topics and accounting standards promulgated by the International Accounting Standards Board (IASB) and their impact on domestic and multinational corporations.
<b>Calculators</b>	Calculators will be supplied by the instructor to be used during exams. To obtain full credit on exam problems, <u>all supporting computations</u> must be shown.
<b>Grade Determination</b>	<p>The public and private sector employers of students agree that, in addition to technical knowledge in accounting, universities should be assisting students in developing the following necessary skills:</p> <p><b>Communication Skills:</b> Individuals must be able to present and defend their views through formal and informal, written and oral, presentation.</p> <p><b>Intellectual Skills:</b> Necessary intellectual skills include the ability to solve diverse and unstructured problems in unfamiliar settings, and comprehend an unfocused set of facts; identify, and if possible, anticipate problems; and find acceptable solutions.</p> <p><b>Interpersonal Skills:</b> Successful professionals must be able to work effectively in groups with diverse members to accomplish a task.</p>

Student performance in these areas will be incorporated in the assignments and grading for this course. With this in mind, your grade in this course will be based on the following course activities:

	<u>Points</u>	
Exam #1	21	Course grades normally will be assigned based on the following scale:
Exam #2	21	
Final Exam	10	
Case Reports (4)	20	90 - 100 of the <u>total points available</u> = A
Quizzes (9)	10	80 - 89 of the <u>total points available</u> = B
Homework (9)	10	70 - 79 of the <u>total points available</u> = C
In-Class Assignments (4)	4	60 - 69 of the <u>total points available</u> = D
Participation	2	Below 60 of the <u>total points available</u> = F
Presentations (2)	<u>2</u>	
<b>TOTAL POINTS</b>	<u>100</u>	

<b>Exams</b>	<p>Success in accounting requires more than just a rote knowledge of technical accounting standards and procedures. For this reason accounting exams are normally structured to test:</p> <ul style="list-style-type: none"> <li>• The student's knowledge of the material covered in the text, cases, readings, and class lectures.</li> <li>• The student's ability to analyze complex, problematic situations.</li> <li>• The student's ability to present a well-structured, clearly labeled solution.</li> <li>• The student's ability to work under some time pressure.</li> </ul> <p>You may expect exams to cover any material presented in the lectures, text, cases, readings, homework assignments, or class discussions. Exams may consist of questions, multiple-choice, matching, fill-in-the-blank, essay, or problems. <b>THE FINAL EXAM IS <u>NOT</u> COMPREHENSIVE.</b> You <u>must</u> take the Final Exam to receive credit for this course.</p> <p>The mid-term exams are one hour and thirty minutes (90 minutes in total) and will be given during the <u>regular class period</u>. The Final Exam is two hours and will be given at the UNT scheduled date and time. A UNT student identification card or driver's license may be required to be presented at any exam.</p>
<b>Make-up Exams</b>	<p>If a student cannot be present for an examination for a valid reason (validity to be determined by the instructor), a make-up exam will be given only if the student has notified the instructor <u>in advance</u> that he/she cannot be present for an exam. Make-up exams are scheduled at the convenience of the instructor.</p>
<b>Teams</b>	<p>Early in the semester, each student will be assigned to a 4-member team. Students will prepare case reports and presentations as a team. Each member of the team is expected to actively participate in the workload for each case report or presentation. <u>Three members</u> can elect to vote a fellow member off a team for failure to contribute to case reports or presentations. (A student voted off a team will <u>not</u> be allowed to do case reports or presentations by themselves and will receive a "0" grade on all future case reports and presentations.) Students will evaluate their fellow team members at the end of the semester, and it will be incorporated into their course participation grade.</p>
<b>Case Discussions/ Reports</b>	<p>There are <u>15 cases</u> that will be presented and discussed in the course this semester. The instructor will lead some case discussions, while others will be assigned and led by case teams. The instructor (and case teams) will actively call on students and encourage class participation during case discussions.</p> <p>Each student as part of a case team will be given questions by the instructor and asked to submit <u>4 written case reports</u> following the format provided in the <u>Case Report Instructions</u>. These reports will be completed as a team; students will <u>not</u> be allowed to complete case reports by themselves. Each case report will be graded based on a scale of 0-100 percent. The team case report grade will be recorded for each student on the team.</p>
<b>Quizzes</b>	<p>After reading and reviewing PowerPoint slides for each chapter, students will be expected to complete a short quiz over chapter material at the <i>myBusinessCourse</i> website prior to class. Quiz due dates and times are clearly noted at the website. Each quiz will be graded based on a scale of 0-100 percent. You will be allowed <u>one</u> attempt on each quiz. Correct answers for quiz responses will be released after the due date and time for a quiz. There will be <u>9 quizzes</u> during the semester. Your <u>lowest</u> quiz grade will be dropped.</p>
<b>Homework</b>	<p>Students will complete all homework assignments online at the <i>myBusinessCourse</i> website after the instructor has presented and discussed the chapter material. Homework due dates and times are clearly noted at the website. Each homework assignment is algorithmic and will be graded based upon a scale of 0-100 percent. Students are allowed to complete homework assignments <u>two</u> times. Correct answers for homework responses will be released after the due date and time for a homework assignment. A total of <u>9 homework assignments</u> will be given during the semester. Your <u>lowest</u> homework grade will be dropped.</p>

<b>Additional Homework Problems</b>	Students who encounter difficulty with chapter topics are strongly encouraged to do additional exercises and problems from the textbook. At the <i>myBusinessCourse</i> website, the instructor has provided Additional Homework Problems to allow students to do supplemental work to better understand chapter material. These exercises and problems will NOT be included in your course grade and <u>not</u> all exercises and problems in the textbook are available at the website.
<b>Solution Manual</b>	The instructor at his discretion will decide which homework solutions will be presented in class. Solutions to all textbook exercises and problems can be obtained from the instructor during office hours. Solutions will be made available only after you show the instructor that you have attempted the textbook exercise or problem.
<b>In-Class Assignments</b>	Periodically during the semester, students working as a team during class time will be given questions or problems and asked to prepare a solution that will be graded based on a scale of 0-100 percent. Presentation will be a consideration in the determination of the grade. Each member of the group will receive the team grade assigned to the activity. Team members <u>not</u> in attendance will receive a grade of 0. A total of <u>4 in-class assignments</u> will be given during the semester.
<b>Participation</b>	<p>This is a case-based course, and participation during case or reading discussions is critical. The instructor will randomly grade students on participation during case and reading discussions. <i>Absences will impact your participation grade significantly.</i> Each student has a responsibility to their colleagues to come to class prepared to actively discuss the case(s) and reading for the day. The classroom will be a collective “shared experience” in which the quality of the experience will depend on the student’s participation. <i>Note that class participation is expected whether or not we are covering one of your team assigned cases.</i> <u>There are no make-ups for class participation.</u></p> <p>Each assigned participation grade for the course will be determined as follows:</p> <ul style="list-style-type: none"> <li>3 points (A) = asks good questions and provides valuable insights; very familiar with cases and reading materials.</li> <li>2 points (B) = volunteers comments or questions on a regular basis; fairly familiar with the cases and reading materials.</li> <li>1 point (C) = participates infrequently in class discussions and comments/questions/answers reflect inadequate case and reading preparation.</li> <li>0 points (F) = makes no contribution, negative contribution, or not in attendance; arrives late to class or leaves early.</li> </ul> <p>Students must arrive on time and be present during the entire class period to get participation credit. Your overall participation grade for the course will be an average of all participation grades assigned by the instructor.</p>
<b>Presentations</b>	Students working as a case team will be asked to be Discussion Leaders for <u>one case</u> randomly assigned by the instructor during the semester. The expectation is that the team is fully knowledgeable of the case presented, has prepared questions in advance of their presentation, identifies the key elements of the case assigned, and responds adequately to questions from fellow students. Also, it is expected that ALL team members will participate <u>equally</u> in the case presentations. The instructor will grade each case presentation, and all team members will receive the same grade for the presentation.
<b>Addendums</b>	The instructor reserves the right to add or delete assignments during the semester.

January 9, 2014

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ACCT 5760 - 001

Spring – 2014

## COURSE SCHEDULE

DATE			CH.	SUBJECT MATTER OR EVENT	ASSIGNMENTS	
					In-Class	MyBusinessCourse
Jan.	14	Tu	1	Introduction Framework for Analysis and Valuation (Appendices 1A and 1B)	E1-29, 34 I1-52	E1-28 P1-35, 38, 40, 44
	21	Tu	2	Overview of Business Activities and Financial Statements (Appendix 2A) HB: <i>Cash Flow Productivity at PepsiCo: Communicating Value to Retailers</i>	I2-49 D2-54	E2-33 P2-40, 41, 47 D2-51
	28	Tu	3	Profitability Analysis and Interpretation (Appendices 3A and 3B) HB: <i>Why Good Accountants Do Bad Audits</i> (Reading 1) HB: <i>Subprime Crisis and Fair-Value Accounting</i>	E3-25 P3-42 I3-53, 54	E3-26 P3-39, 40, 48
Feb.	4	Tu	4	Credit Risk Analysis and Interpretation (Appendix 4) BB Learn: <i>Unlucky Penney</i> (Reading 2) HB: <i>New Century Financial Corporation</i>	E4-25 P4-34	E4-23, 29 P4-31, 33
	11	Tu		HB: <i>Accounting for the iPhone at Apple Inc.</i> HB: <i>VIZIO, Inc.</i> TBA		
	18	Tu		<b>EXAM 1 (Chapters 1-4, and HB Cases)</b> <b>2:00 – 3:30 PM</b>		
	21	F		<b>LAST DAY TO DROP A COURSE WITH A W!</b>		
	25	Tu	11	Forecasting Financial Statements (Appendix 11A) BB Learn: <i>The Earnings Game: Everyone Plays, Nobody Wins</i> (Reading 3) HB: <i>Biovail Corporation: Revenue Recognition and FOB Sales Accounting</i>	E11-18, 19	E11-20, 21, 29 P11-33
March	4	Tu	12	Cost of Capital and Valuation Basics HB: <i>United Parcel Service's IPO</i>	E12-27, 28, 29, 32, 33, 34	P12-41, 42 D12-46, 47
	11	Tu		<b>SPRING BREAK!</b>		
	18	Tu	13	Cash-Flow-Based Valuation (Appendices 13A, 13B, and 13C) BB Learn: <i>Time to Start Valuing Human Capital as an Asset on the Balance Sheet</i> (Reading 4) HB: <i>Movie Rental Business: Blockbuster, Netflix, and Redbox</i>	P13-18	E13-10 P13-16
	25	Tu		<b>LAST DAY TO DROP A COURSE!</b>		
	25	Tu	14	Operating-Income-Based Valuation (Appendix 14A) HB: <i>Ryan Air Holdings plc</i>	P14-19	E14-12 P14-18

HB=Harvard Business Case/Reading, and BB Learn=Blackboard Learn course website.

E=Exercises, P=Problems, I=IFRS Applications, and D=Discussion Points.

TBA=To be announced.

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## COURSE SCHEDULE

DATE			CH.	SUBJECT MATTER OR EVENT	ASSIGNMENTS	
					In-Class	MyBusinessCourse
April	1	Tu	15	Market-Based Valuation HB: <i>Krispy Kreme: The Franchisor That Went Stale</i>	E15-23 P15-36, 40	E15-21, 28 P15-38, 41
	8	Tu		HB: <i>Coolidge Corner Theatre Foundation</i> HB: <i>The Clorox Company: Leveraging Green for Growth</i> TBA		
	15	Tu		<b>EXAM 2 (Chapters 11-15, and HB Cases)</b> <b>2:00 – 3:30 PM</b>		
	22	Tu		HB: <i>Target Corporation: Ackman versus the Board</i> HB: <i>California High-Speed Rail</i> TBA		
	29	Tu		HB: <i>The IASB at a Crossroads: The Future of International Financial Reporting Standards</i>		
May	6	Tu		<b>FINAL EXAM (HB Cases)</b> <b>1:30 – 3:30 PM</b>		

HB=Harvard Business Case/Reading, and BB Learn=Blackboard Learn course website.

E=Exercises, P=Problems, I=IFRS Applications, and D=Discussion Points.

TBA=To be announced.