

MFIN600
Financial Reporting and Modeling
Fall 2020 Course Outline

Master of Finance
DeGroote School of Business
McMaster University

COURSE OBJECTIVE

Build a solid knowledge in preparation and analysis of financial information. Examine and evaluate the importance of high-quality accounting information in the current business-, economic-, and social context.

INSTRUCTOR AND CONTACT INFORMATION

Tues 8:30 – 11:20
Alicia Damley, CFA, CPA, CA
damleya@mcmaster.ca
Office Hours: By appointment only
Class Location: Virtual

Student TA
TA
TAsMACID@mcmaster.ca
Office:
Office Hours:

COURSE ELEMENTS

Credit Value: 3	Leadership: Yes	IT skills: No	Global view: Yes
A2L: Yes	Ethics: No	Numeracy: Yes	Written skills: Yes
Participation: Yes	Innovation: Yes	Group work: Yes	Oral skills: Yes
Evidence-based: Yes	Experiential: No	Final Exam: Yes	Guest speaker(s): No

COURSE DESCRIPTION

The course is designed to provide an understanding of accounting principles, practices used in the preparation of financial information and also to develop a critical approach to analyze and interpret it.

Consequently, the course approaches the subject from both the view of the user and the preparer of financial statements.

LEARNING OUTCOMES

Upon successful completion of this course, students will be able to complete the following key tasks:

- Prepare accounting entries of usual business transactions and assemble financial statements
 - Gather, process and analyze information conveyed in a set of financial statements in terms of profitability, liquidity, solvency, performance, efficiency
 - Develop conclusions from the analysis and present them in a concise and meaningful way
 - Identify and interpret the roles and responsibilities of the participants of the financial information communication process from preparer to end user
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COURSE MATERIALS AND READINGS

Avenue registration for course content, readings and case materials

- <http://avenue.mcmaster.ca>
- LLG (e-book) Libby, R, P. Libby and D.G. Short, Financial Accounting, 6th, Canadian Edition, (ISBN: 9781259019821) or
LLG (e-book) Libby, R, P. Libby and D.G. Short, Financial Accounting, 6th, Canadian Edition, (ISBN: 9781259019821)

Websites for group project:

<http://www.annualreports.com/>
<http://www.sec.gov/edgar/searchedgar/companysearch.htm>
<http://www.tsx.com/>
<http://www2.morningstar.ca/>
<http://www.sedar.com/>
www.degroote.mcmaster.ca

Websites for standards, regulators, professional organizations:

<http://www.ifrs.org/Pages/default.aspx>
<http://www.fasb.org/home>
<http://www.iasplus.com/en>
<http://www.cpaontario.ca/>
<http://www.cpacanada.ca/>
<http://www.sec.gov/>
<http://www.osc.gov.on.ca/>

Movie:

<http://freedocumentaries.org/documentary/enron-the-smartest-guys-in-the-room>

COURSE OVERVIEW AND ASSESSMENT

Learning in this course results primarily from in-class discussion and participation, assignments and group projects members will share the same grade adjusted by peer evaluation.

Missed tests / exams will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF. Late assignments will be penalized 5% for each day they are late. Your final grade will be calculated as follows:

<u>Grade Component</u>	<u>Weight</u>	<u>Description</u>
Engagement	10%	Attendance and contribution on Zoom Allocation based on <i>quality</i> , not quantity, of participation Each lecture we will apply the lecture material to two companies – Tesla (NYSE Ticker: TSLA) and Air Canada (TSE Ticker: AC)
Mid-Term Exam (cumulative)	25%	Venue: Online Format: MCQs and written answer Duration: 90 minutes
Group Project & Presentation	25%	Group size: upto 6 students Report format: max 15 pages, excluding appendices Presentation: professional format on company analysis (see below) Duration: 15 min + 5 min Q&A Students are strongly encouraged to explore the data and trading related resources available in-person and/or virtually in the DSB's Allen H. Gould Trading Floor (GTF), DSB Rm 122A 905-525-9140 ext. 27760 gtf@mcmaster.ca
Final Exam (cumulative)	40%	Venue: Online Format: MCQs, written answer and company analysis Duration: 120 minutes

Our weekly interaction will occur as follows:

<u>Activity</u>	<u>Delivery</u>	<u>Description</u>	<u>Tools(s)</u>
Lecture Core Content	Asynchronous	Recorded lecture	Voice-over PPT uploaded to Avenue
Live Lectures	Synchronous	1 hour live session; opportunity to elaborate on content, present challenges, engage discussion	MS Teams or Zoom
Additional course resources	Asynchronous	End of chapter practice questions Additional readings	Via Avenue

<i>Activity</i>	<i>Delivery</i>	<i>Description</i>	<i>Tools(s)</i>
TA Access	Asynchronous	1 hour live session with TA: discuss lecture materials and/or questions. Please contact the TA via email to advise of your attendance so that the number of students in the session can be better managed.	MMS Teams or Zoom
Group discussions	Both	Synchronous: breakout rooms during lecture Asynchronous: MS Teams private groups	Synchronous: MS Teams or Zoom Asynchronous: MS Teams

COURSE DELIVERABLES

Group Project & Presentation

The group project will be completed in groups of upto 6 students. The 25% total evaluation will consist of a written report (15%) and an in-class presentation based on the report (10%). Once a group has been formed, a company may be selected from a pre-approved list. Details will be shared in our 2nd week of class.

The virtual presentation will be scheduled during the last week of class. The written report will be due at the same time via Avenue.

Students are strongly encouraged to explore the data and trading related resources available in-person and/or virtually in the DSB's Allen H. Gould Trading Floor.

Mid-Term & Final Exam

The mid-term and final exam will consist of multiple choice, written answers and a company analysis. Both will be cumulative.

The mid-term and final exam will cover material from the textbook, any assigned readings, lectures and class discussion. This is an **open-book** mid-term and final exam.

End of textbook chapter questions will be provided for student review and self-confirmation of mastery of material learning outcomes. These will be made available as part of each lecture's material on Avenue. These questions are also intended as foundation for the group project company analysis and provide a perspective on written questions on the mid-term and final exam.

Participation

Please ensure that you sign-in with your full name for our virtual lectures. Name and official McMaster ID photographs are used to help give credit for your participation and ensure that each student is assessed accurately.

GRADING SCALE

For graduate courses the grade conversion scales are available through the following link:

https://academiccalendars.romcmaster.ca/content.php?catoid=42&navoid=8734#2.6.1_Averaging_of_Letter_Grades

MBA and Master of Finance Grading Scale:

Grade	Points	Equivalent Percentages	Pass/Fail
A+	12	90-100	P+
A	11	85-89	P
A-	10	80-84	
B+	9	75-79	
B	8	70-74	
B-	7	60-69	
F	0	59 and under	F

COMMUNICATION AND FEEDBACK

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. All students must receive feedback regarding their progress prior to the final date by which a student may cancel the course without failure by default.

- For Level 1 and Level 2 courses, this feedback must equal a minimum of 20% of the final grade.
- For Level 3 courses and above, this feedback must equal a minimum of 10% of the final grade.

Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

In the event of an absence for medical or other reasons, students should review and follow the Missed Term Work regulations that are outlined on the Master of Finance website;

<https://mfin.degroote.mcmaster.ca/current-students/missed-term-work/>

ACADEMIC INTEGRITY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity. **It is your responsibility to understand what constitutes academic dishonesty.**

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/), located at <https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/>

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations.

AUTHENTICITY/PLAGIARISM DETECTION

Some courses may use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., on-line search, other software, etc.). For more details about McMaster's use of Turnitin.com please go to www.mcmaster.ca/academicintegrity.

COURSES WITH AN ON-LINE ELEMENT

Some courses may use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.

The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosures, please discuss this with the course instructor.

ONLINE PROCTORING

Some courses may use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

CONDUCT EXPECTATIONS

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the "Code"). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students' access to these platforms.

ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES

Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or sas@mcmaster.ca to make arrangements with a Program Coordinator. For further information, consult McMaster University's [Academic Accommodation of Students with Disabilities](#) policy.

ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

COPYRIGHT AND RECORDING

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

EXTREME CIRCUMSTANCES

The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

RESEARCH USING HUMAN SUBJECTS

All researchers conducting research that involves human participants, their records or their biological material are required to receive approval from one of McMaster's Research Ethics Boards before (a) they can recruit participants and (b) collect or access their data. Failure to comply with relevant policies is a research misconduct matter. Contact these boards for further information about your requirements and the application process.

McMaster Research Ethics Board (General board): <https://reo.mcmaster.ca/>

Hamilton Integrated Research Ethics Board (Medical board): <http://www.hireb.ca/>

ACKNOWLEDGEMENT OF COURSE POLICIES

Your enrolment in MFIN 600 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

COURSE SCHEDULE

MFIN600
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Fall 2020 Course Schedule

WEEK	DATE	ASSIGNMENT
1	Tue. Sept. 8	Discuss: Class Outline, Schedule, Participation, Courseware Discuss: Selecting team members Prior to Lecture: Listen to the voice-over PPT on Avenue for Chp 1: Financial Statements and Business Decision Chp 2: Investing & Financing Decisions and the Statement of Financial Position Lecture Discussion: Reviewing Tesla's business model and Air Canada's business model
2	Tue. Sept. 15	Prior to Lecture: Listen to the voice-over PPT on Avenue for Chp 3: Operating Decision and the Accounting System Lecture Discussion: Reviewing the Statements of earnings for Tesla & Air Canada
3	Tue. Sept. 22	Prior to Lecture: Listen to the voice-over PPT on Avenue for Chp 4: Adjustments, Financial Statements and the Quality of Earnings Lecture Discussion: Analyzing and assessing quality of earnings for Tesla & Air Canada
4	Tue. Sept. 29	Prior to Lecture: Listen to the voice-over PPT on Avenue for Chp 6: Reporting and Interpreting Sales Revenue, Receivables and Cash Lecture Discussion: Analyzing and assessing sales, receivables & cash for Tesla & Air Canada
5	Tue. Oct. 6	Prior to Lecture: Listen to the voice-over PPT on Avenue for Chp 7: Reporting and Interpreting Cost of Sales (Cost of Goods Sold) & Inventory Lecture Discussion: Analyzing and assessing cost of sales and inventory for Tesla & Air Canada
6	Tue. Oct. 13	Prior to Lecture: Listen to the voice-over PPT on Avenue for Chp 8: Reporting and Interpreting Property, Plant & Equipment; Natural Resources; and Intangibles Lecture Discussion: Analyzing and assessing PP&E and intangibles for Tesla & Air Canada
7	Week of Oct. 19	Mid-Term Exam: Date & Time TBA
	Tue. Oct. 27	Prior to Lecture: Listen to the voice-over PPT on Avenue for

8		<p>Chp 9: Reporting and Interpreting Current Liabilities</p> <p>Lecture Discussion: Analyzing and assessing current liabilities for Tesla & Air Canada</p>
9	Tue. Nov. 3	<p>Prior to Lecture: Listen to the voice-over PPT on Avenue for Chp 10: Reporting and Interpreting Non-Current Liabilities</p> <p>Lecture Discussion: Analyzing and assessing non-current liabilities for Tesla & Air Canada</p>
10	Tue. Nov. 10	<p>Prior to Lecture: Listen to the voice-over PPT on Avenue for Chp 11: Reporting and Interpreting Shareholders' Equity</p> <p>Lecture Discussion: Analyzing and assessing shareholders' equity for Tesla & Air Canada</p>
11	Tue. Nov. 17	<p>Prior to Lecture: Listen to the voice-over PPT on Avenue for Chp 5: Reporting and Interpreting Cash Flows</p> <p>Lecture Discussion: Analyzing and assessing cash flows for Tesla & Air Canada</p>
12	Tue. Nov. 24	<p>Prior to Lecture: Listen to the voice-over PPT on Avenue for Chp 12: Communicating Accounting Information and Analyzing Financial Statements</p> <p>Lecture Discussion: Analyzing and assessing financial statements and ratios for Tesla & Air Canada</p>
13	Tue. Dec. 1	Group report & presentations due in virtual class