FINANCE 600

Financial Reporting & Modeling

Fall 2023 Course Outline

Master of Finance

DeGroote School of Business

McMaster University

Course Objective

The course objective is to 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

|  |
| --- |
| **Thursday, 19:00 – 22:00** |
| **Alicia Damley, CFA, CPA, CA, MBA** |
| Instructor |
| [damleya@mcmaster.ca](mailto:damleya@mcmaster.ca) |
| Office Hours: after class or by appointment |
|  |

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| --- |
| **Yasaman Hashemisanjani** |
| TA |
| [hashemiy@mcmaster.ca](mailto:hashemiy@mcmaster.ca) |
| Office: TBC |
| Office Hours: TBA |

**Course website:** Avenue 2 Learn

*We are here to help you succeed!*

Both our course TA and I are here to help you navigate this course successfully!

Outside of class, it is easiest to connect via email. We can address a question quickly via email or setup a time to speak directly. I endeavor to respond to emails within 48 hours. For our mutual benefit and protection, please send all emails from your Mac id. If I have not responded to your inquiry within 48 hours, please re-send it in case it has been lost between our in-boxes or I have missed it!

Please always remember to:

* be courteous and respectful in all communication
* not send emails within 48 hours of a mid-term, exam or assignment due date. We are all busy. And it is important to plan accordingly!

Course Elements

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Credit Value: | 3 | Leadership: | Yes | IT skills: | Yes | Global view: | Yes |
| Avenue: | Yes | Ethics: | Yes | Numeracy: | Yes | Written skills: | Yes |
| Participation: | Yes | Innovation: | Yes | Group work: | Yes | Oral skills: | Yes |
| Evidence-based: | Yes | Experiential: | Yes | Final Exam: | No | 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 completion of this course, students will be able to complete the following key tasks:

* Prepare 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

Required Course Materials and Readings

|  |
| --- |
| Avenue registration for course content and supporting materials   * <http://avenue.mcmaster.ca> |

**Required:**

Financial Accounting, 8th (Canadian) Edition. By Robert Libby, Patricia Libby, Daniel G. Short, George Kanaan, Maureen Sterling. 126486967-3 · 978126486967-1 © 2023

*Mac Bookstore link:*

<https://campusstore.mcmaster.ca/cgi-mcm/ws/txsub.pl?wsTERMG1=234&wsTERMDESC1=Fall+2023&wsDEPTG1=FINANCE&wsDEPTDESC1=FINANCE+-+Finance&wsCOURSEG1=600&wsSECTIONG1=EVE+C01&programG1=McMaster+Undergrad+and+Graduate&crit_cnt=1>

*Websites for group project include:*

<http://www.annualreports.com/>

<http://www.sec.gov/edgar/searchedgar/companysearcg.htm>

<http://www.tsx/com/>

<http://www2.morningstar.ca/>

<http://www.sedar.com/>

[www.degroote.mcmaster.ca](http://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>

Evaluation

Learning in this course results primarily from in-class discussion and participation of comprehensive business cases as well as out-of-class analysis. The balance of the learning results from the lectures on strategic concepts, from related readings, and from researching your case, bank project and presentations. Work will be evaluated on an individual and group basis as shown below. For group work, all group members will share the same grade. It is important to develop skills to work with different people and work styles.

Your final grade will be calculated as follows:

**Components and Weights**

|  |  |  |
| --- | --- | --- |
| **Case Analysis** | See separate document for details | 25% |
| **Mid-Term** | Details to be provided (individual) | 40% |
| **Group Project & Presentation** | See separate document for details | 25% + 10% |
| **Total** |  | **100%** |

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

[www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf](http://www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf)

**Grade Conversion**

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

|  |  |  |
| --- | --- | --- |
| Letter Grade | Percent | Points |
| A+ | 90-100 | 12 |
| A | 85-89 | 11 |
| A- | 80-84 | 10 |
| B+ | 75-79 | 9 |
| B | 70-74 | 8 |
| B- | 60-69 | 7 |
| F | 00-59 | 0 |

**Course Deliverables**

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.

## Case Analysis

The case analysis assignment will be completed in groups of up 5 students. Each group will select a case from the list provided. Allocation will be done on a first-come first-served basis. Details of the case analysis are found in a separate document on Avenue.

## Group Project & Presentation

The group project will be completed in groups of up to 5 students. The 35% total evaluation will consist of a written report (25%) and an in-class presentation based on the report (10%). Each group will select a company from the list provided. Allocation will be done on a first-come first-served basis. The virtual presentation will be scheduled during the last week of class. The written report will be due at the same time via Avenue. Details will be shared in our 2nd week of class and posted on Avenue to Learn.

## Mid-Term Exam

The mid-term exam may include multiple choice, written answers and a company analysis.

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 exam.

Communication and Feedback

Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

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 Administrative Assistant.

Instructors are encouraged to conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery. Instructors should provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

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.

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.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity)

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. 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.](http://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 disclosure, please discuss this with the course instructor.

On-Line 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*](https://secretariat.mcmaster.ca/app/uploads/Code-of-Student-Rights-and-Responsibilities.pdf) (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.

Missed Academic Work

***Missed Mid-Term Examinations / Tests / Class Participation***

Please do not use the online McMaster Student Absence Form (MSAF) as this is for Undergraduate students only. The MFIN program will not accept an MSAF.

Students can apply for relief of missed term work if they have or are going to miss an evaluated portion of their course. Please contact the Program Administrator for more information.

Requesting Relief for Missed Term Work

If a portion of your term work is missed for legitimate reasons, as determined by Program Administrator, the weight for that missed term work will be redistributed across the other assignments and exams of the course. For missed work, forms and supporting documentation must be submitted to Program Administrator within five (5) business days of missing the work or mid-term exam.

Requesting Relief for Term Work in Advance

If evaluated term work is missed, students can request for relief/special arrangement in advance.

Supporting documentation must be submitted to the Program Administrator at least ten (10) working days before the mid-term exam, test, assignment, etc.

The program administrator will provide the required forms to the student. Please complete the Petition for Missed Term Work form in addition to:

* For medical reasons the McMaster University Student Health Certificate and for
* extenuating circumstances, appropriate documentation is required.
* Due to a business commitment (for part-time students only), have your immediate
* supervisor provide you with a letter on company letterhead stating that you are unable to be
* present due to a specific job commitment.
* For varsity reasons, have a designated University official provide a letter on university
* letterhead; or
* For religious reasons, have your religious leader provide a letter stating that you are unable
* to be present due to a religious obligation.
* In all cases, the request must be handled by The Program Administrator. The appropriate distribution of re-weighting term work will be determined by the instructor. Submitting a request does not guarantee approval or special consideration.

Academic Accommodation for students with disabilities

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

Students who are leveraging accommodation for tests and exams are supported by the SEAO. These exams are written at the Ron Joyce Centre and do not take place in the Tim Nolan Testing Centre. Correspondence for accommodations is managed via the [DSBSAS@mcmaster.ca](mailto:DSBSAS@mcmaster.ca) email address. Students must communicate their intent to leverage accommodations on a test or exam a minimum of 10 business days prior to the assessment.

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](https://secretariat.mcmaster.ca/app/uploads/2019/02/Academic-Accommodation-for-Religious-Indigenous-and-Spiritual-Observances-Policy-on.pdf) policy. Students should submit their request to the SEAO ***normally within 10 working days*** of the beginning of term in which they anticipate a need for accommodation. 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.

Potential Modification to the Course

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

Acknowledgement of Course Policies

Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of FIN600 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

FINANCE 600 - Financial Reporting & Modeling

Fall 2023 Course Schedule

| **Week** | **Date** | **Assignment** |
| --- | --- | --- |
| 1 | Sep 14 | Discuss: Class Outline, Schedule, Participation, Courseware, Group work  Identify two (2) companies for financial statement and ratio analysis  Chp 1: Financial Statements and Business Decision  Chp 2: Investing & Financing Decisions and the Accounting System |
| 2 | Sep 21 | Chp 3: Operating Decision and the Accounting System |
| 3 | Sep 28 | Chp 4: Adjustments, Financial Statements and the Closing Process |
| 4 | Oct 5 | Chp 5: Reporting and Interpreting Sales Revenue, Receivables and Cash |
| 5 | Oct 12 | Chp 6: Reporting and Interpreting Cost of Sales & Inventory  **Group Project – One-page summary due** |
| 6 | Oct 19 | Chp 7: Reporting and Interpreting Long-Lived Assets |
| 7 | Oct 26 | Chp 8: Reporting and Interpreting Current Liabilities  **Case Assignment Due** |
| 8 | Nov 2 | Chp 9: Reporting and Interpreting Non-Current Liabilities |
| 9 | Nov 9 | Chp 10: Reporting and Interpreting Shareholders’ Equity |
| 10 | Nov 16 | Chp 11: Statement of Cash Flows |
| 11 | Nov 23 | Chp 12: Communicating Accounting Information and Analyzing Financial Statements |
| 12 | Nov 30 | **In-Class Exam Details: TBA** |
| 13 | Dec 7 | **Group report & presentation due in lecture class** |