



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM212 H1S

Accounting for Finance Professionals

Winter 2019

Course Meets: Wednesdays 9-11 (L0101), 11-1 (L0201), or 2-4 (L0301) in OI4422

Instructor: Dragan Stojanovic. RT 546
E-Mail: dragan.stojanovic@utoronto.ca
Webpage: <http://q.utoronto.ca>
Phone: 416-978-6819
Office Hours: TBA

Course Scope and Mission

Understanding financial statements is crucial for evaluating past, present, and future financial performance and position of any organization. We continue to build on introductory accounting (RSM219) and take a global perspective by focusing on both international financial reporting standards (IFRS) and US GAAP. By the end of the course, you will:

- understand the role of financial reporting and its relationship to other disciplines, including strategy, finance, marketing, and economics;
- be able to apply fundamental concepts and principles of financial reporting to analyze complex business transactions, events, and decisions;
- be able to interpret, analyze, and evaluate complex financial statements, including specific financial reporting issues relating to revenues, operating assets, liabilities, and taxes; and
- be able to use the financial statement analysis toolkit to make inferences about where the organization has been and where it is going.

Course Prerequisite: RSM219H1

Required Readings

- **TEXTBOOK:** Thomas R. Robinson, et al. (2015). *International Financial Statement Analysis, Third Edition (CFA Institute Investment Series)*. John Wiley & Sons, 2015.
- **Accounting for Finance Professionals - Wiley Efficient Learning Online Access (details posted on course website)**

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student will be judged based on mastery and command of the course materials.

Work

<u>Work</u>		<u>Due Date</u>
Analyst Coverage (group)	25%	Ongoing (see schedule)
Quizzes (online)	10%	Starting week 3, count best 8 out of 10
Test 1	15%	Friday, Feb. 8, 10:10am-11:30am (EX320)
Test 2	15%	Friday, Mar. 22, 10:10am-11:30am (EX320)
Final Exam	35%	During Faculty of Arts & Science Final Examination period

COURSE FORMAT AND EXPECTATIONS

Focus on 3 critical sectors: technology, healthcare & life sciences, and mining

Please note that we will be focusing on three key sectors in this course: technology, healthcare & life sciences, and mining. Most of the class examples and help sessions will focus on the first two critical sectors, while your group project (see Analyst Coverage below) will focus on mining. The main reasons for the focus on these 3 sectors are as follows:

- 1) **Technology** companies are transforming many parts of the economy and our daily lives. Perhaps more practically, Toronto is quickly developing into a major tech hub. In fact, Toronto was the “fastest-growing tech-jobs market in 2017”. Bloomberg reported that “Toronto’s tech scene is so hot the city created more jobs than the San Francisco Bay area, Seattle and Washington, D.C., combined last year, while leapfrogging New York in a ranking of ‘talent markets’¹”. Major tech companies are also some of the most valuable companies with significant resources. As a result, we will discuss companies such as Alibaba, Alphabet (Google), Amazon, Apple, Microsoft, Samsung, and Tencent.
- 2) **Healthcare and life sciences** represent perhaps the largest sector in the world, with global healthcare spending expected to reach about USD \$8.7trillion, up from \$7 trillion in 2015. Aging population and the rise of chronic illnesses are already putting significant strains on major economies. The importance of this sector and the opportunities for innovation (and, therefore, need for financing) make this a critical area of focus for us.
- 3) **Mining** sector is not only a critical part of the Canadian economy, it is also the foundation for other sectors (e.g. technology, transportation, and many more). More importantly from the perspective of finance, Toronto is considered a “global hub for mining finance”. After all, the Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV) accounted for almost 60% of global mining financing in 2017². As a finance professional based in Toronto, this is an extremely important sector to understand.

In addition to the reasons noted above, each of the sectors will also help us understand the uses and, more importantly, the limitations of financial reporting.

Analyst Coverage (ongoing, 25%)

By January 23rd, you will be assigned a group and one company in the mining sector. You will follow this company throughout the course and will analyze its reports based on the topics we cover. In order to better understand your company and the mining industry, you will also attend the PDAC 2019, “World’s Premier Mineral Exploration & Mining Convention” in March. The convention “is the leading convention for people, companies and organizations in, or connected with, mineral exploration.”³ You will present two deliverables:

- 1) **Analyst Update Presentation (5%)**: You will have 5 minutes to present significant news developments since our previous class (i.e. in the previous week). You will then have additional 5 minutes to answer any questions from the class. In your presentation, you will address the following three questions:
 - I. What happened?
 - II. Why is it important to the mining sector?
 - III. What is the impact (or expected impact) on the company you are following?The schedule of presentations will be posted by January 23rd, and presentations will start on February 6th.
- 2) **Analyst Report (20%)**: You will provide a financial analysis and commentary on the company’s recently-issued annual report. A detailed list of requirements will be posted by January 23rd. Final report will be due on Friday, April 5th at 11:59pm.

¹ See Bloomberg’s 2018 article here <https://www.bloomberg.com/news/articles/2018-07-24/toronto-beats-bay-area-in-new-tech-jobs-and-new-york-in-talent>

² For updated statistics, see <https://www.tsx.com/listings/listing-with-us/sector-and-product-profiles/mining>

³ More information will be provided in class and on Quercus, but you can find out more about the convention at <https://www.pdac.ca/convention>

Quizzes

The purpose of weekly quizzes is to provide feedback about your understanding of the key technical concepts covered in the previous week(s). Short weekly quizzes will start in week 3 (with a practice quiz available in week 2). There will be 10 quizzes, and best 8 out of 10 will count towards the final mark. As a result, technical difficulties or other reasons for missing quizzes will not be considered (except where they are pervasive and impact everyone).

Quizzes will generally consist of 5 to 15 multiple choice questions (although other question types are possible as well). In order to help you review the material and prepare for the quizzes, additional review questions will be available for practice. All review questions and quizzes will be accessed through Accounting for Finance Professionals - Wiley Efficient Learning Online Access (details posted on course website).

Students who miss one to 4 quizzes due to reasons beyond their control (see “Missed Tests and Assignments” below) will have the marks allocated to the remaining quizzes. Students who miss more than 4 quizzes due to reasons beyond their control will have all missed marks allocated to the final exam.

Tests

The purpose of the tests is to give you progress feedback on your mastery of applying financial statement analysis techniques to comprehensive financial statements of a single company. Practice Test 1 will be posted on the course website by January 30th, and Practice Test 2 will be posted by March 13th. Tests are cumulative, and will be administered as follows:

- Test 1:** February 8, 10:10am – 11:30am (80 minutes) in EX320
- Test 2:** March 22, 10:10am – 11:30am (80 minutes) in EX320

Students who miss Test 1 and/or Test 2 due to reasons beyond their control (see “Missed Tests and Assignments” below) will have the mark allocated to the final exam.

Final Exam

The purpose of the final exam is to evaluate your mastery of applying financial statement analysis techniques to comprehensive financial statements of a single company. Practice Exam will be posted on the course website by March 13th.

Writing

Normally students will be required to submit their course work to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the university’s use of the Turnitin.com service is described on the Turnitin.com website.

Please note that clear, concise, and correct writing will be considered in the evaluation of course work. That is, you may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre (<http://www.studentlife.utoronto.ca/asc>) or one of the College Writing Centres (www.writing.utoronto.ca/writing-centres). These centres are teaching facilities – not editing services, where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

Group Work

Analyst Coverage project requires you to work in teams. Learning to work together in teams is an important aspect of your education and preparation for your future careers. That said, project-based teamwork is often new to students; to work well in teams, it helps to follow a set of core expectations to best succeed at your team projects.

1. Read the document entitled, “Working in Teams: Guidelines for Rotman Commerce Students” which is available on the RC portal under the Academic Services tab.

2. When working in a team, Rotman Commerce students are expected to:

- Treat other members with courtesy and respect;
- Honour the ground rules established by the team;
- Contribute substantially and proportionally to the final project;
- Ensure enough familiarity with the entire contents of the group project/assignment to be able to sign off on it as original work;
- Meet the project timeline as established by the team.

3. Resolving conflicts:

Conflicts are part of the team’s process of learning how to work together. When handled well, it can generate creativity and bring-multiple perspectives to the solution.

Student teams are expected to work through their misunderstandings as soon as they arise (and prior to submission of the final project). When teams are unable to arrive at a solution that works for all members, the team must meet with the Rotman Commerce Team Coach** as soon as possible. The Coach will listen to the team and help develop options for improving the team process. All members of the project team must commit to, and, utilize their action plans.

**For an appointment with a Rotman Commerce Team Coach, please contact Nouman Ashraf at nouman.ashraf@rotman.utoronto.ca. Nouman is highly skilled at facilitating team dynamics and collaboration. Note that the Team Coach’s role is to provide guidance, support and advice on team matters – not to formally evaluate or assess teamwork for academic purposes.

POLICY AND PROCEDURE

Missed Tests and Assignments (including midterm examinations)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **2 business days** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

Documentation submitted in support of petitions for missing tests and assignments must be original; no faxed or scanned copies will be accepted.

Note that the physician’s report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a later report of illness made by the student to a physician.

Students who miss Test 1 and/or Test 2 due to reasons beyond their control (see above) will have the mark allocated to the final exam.

Late Assignments

Late assignments will not be accepted and will receive a mark of zero. Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible:

accessibility.services@utoronto.ca or <http://www.studentlife.utoronto.ca/as>.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

The University of Toronto's Code of Behaviour on Academic Matters

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Quercus and the Course Page

The online course page for this course is accessed through Quercus. To access the course page, go to q.utoronto.ca and log in using your UTORid and password. Once you have logged in, you will be at the Quercus Dashboard. On this page you will see all of the courses you are presently enrolled in. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Blackboard materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

Weekly Schedule

#	Date	Topic and Readings	Feedback
1	Jan. 9	<input type="checkbox"/> Financial statement analysis: an introduction (Ch. 1) <input type="checkbox"/> Financial reporting standards (Ch. 3)	
2	Jan. 16	<u>Foundations Review (ONLINE CLASS):</u> <input type="checkbox"/> Financial reporting mechanics (Ch. 2) <input type="checkbox"/> Understanding balance sheets (Ch. 5) <input type="checkbox"/> Selected review materials (various – see workbook)	Practice Quiz
3	Jan. 23	<input type="checkbox"/> Understanding cash flow statements (Ch. 6)	Quiz 1
4	Jan. 30	<input type="checkbox"/> Understanding income statements (Ch. 4) <input type="checkbox"/> Financial analysis techniques (Ch. 7)	Quiz 2
5	Feb. 6	<input type="checkbox"/> Revenue recognition (Ch. 4)	Present 1 Quiz 3
TEST 1: February 8, 10:10am – 11:30am in EX320 (80 min)			
6	Feb. 13	<input type="checkbox"/> Inventories (Ch. 8)	Present 2 Quiz 4
Family Day and Reading Week (NO CLASS on Feb. 20)			
7	Feb. 27	<input type="checkbox"/> Long-lived assets (Ch. 9)	Present 3 Quiz 5
8	Mar. 6	<input type="checkbox"/> PDAC 2019 (March 3-6): see https://www.pdac.ca/convention <input type="checkbox"/> Non-current (long-term) liabilities (Ch. 10)	Present 4 Quiz 6
9	Mar. 13	<input type="checkbox"/> Leases (Ch. 9 and Ch. 10)	Present 5 Quiz 7
10	Mar. 20	<input type="checkbox"/> Financial reporting quality (Ch. 11) <input type="checkbox"/> Financial statement analysis: applications (Ch. 12)	Present 6 Quiz 8
TEST 2: March 22, 10:10am – 11:30am in EX320 (80 min)			
11	Mar. 27	<input type="checkbox"/> Income taxes (Ch. 13)	Present 7 Quiz 9
12	April 3	<input type="checkbox"/> Course review	Present 8 Quiz 10
ANALYST REPORT: due Friday, April 5th at 11:59pm			
FINAL EXAM: during Faculty of Arts & Science final examination period			

NOTES:

- Last day to drop course is March 17, 2019.
- For specific page numbers, please see weekly WORKBOOK handouts.