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COURSE OBJECTIVES

As you pursue your degree in Information Technology and Management, it is important that you understand the environment in which you will operate and the language that is used. BA 385T provides an introduction to the fundamental concepts and language of accounting and finance.

Accounting

During the first half of the semester we will study both financial and managerial accounting. In the financial accounting portion we will provide an overview of the preparation, use, and interpretation of financial accounting information and the role of that information in the economy. We will discuss the recognition and measurement concepts underlying financial accounting and also cover the mechanics of recording and reporting accounting information. We will also focus on how corporate financial statements report particular economic events and think about how various business transactions affect both financial performance and financial position of an entity.

Managerial accounting equips managers with accounting information and tools they need to plan and control (evaluate) personnel and operations of the firm. In this portion of the course we will provide a framework that facilitates a better understanding of when and why managers need specific types of accounting information to both facilitate their decisions and influence the decisions of their employees. We will explicitly recognize that individuals respond to methods used to evaluate and reward their performance. We will identify systems that have widespread use, examine the motivation and theoretical underpinnings for that use, and identify how and when the misuse of these systems leads to dysfunctional outcomes for the firm. In doing so, we will consider both financial and non-financial measures of performance.

Finance

During the second half of the semester, we will study how firms maximize shareholder value through the investment decision and the financing decision. We will spend significant time studying the time value of money (in great detail) and will use that to understand how to value projects, bonds, stock and an entire firm.

MATERIALS AND PREREQUISITE

Text

Accounting

None

Finance

Jonathan Berk and Peter DeMarzo: *Corporate Finance*. Fourth edition. Pearson, Addison Wesley, 2017. (NOTE: you will also be fine with the 3rd edition, 2013.)

Packet

Accounting

Accounting Course Packet, available from the GSB Copy Center.

Finance

Corporate Finance, by Sanford J Leeds (2018), available from the GSB Copy Center; or, you can also print a copy yourself (soft copy on Canvas); you must bring a hard copy to class as we will not be using laptops in class.

Calculator

Finance

You will need a business calculator for this class. The calculator should have the following keys: IRR, n, i, PV, PMT, FV, and CF. As long as those keys are present, the calculator is fine. The **HP 10bii (or 10bii+)** is probably the easiest to use (and is available on Amazon). **I will be using the HP 10bii or 10bii+ to give instructions.** So, if you are using something other than the HP, you will need to make sure that you know how to use it. **Please be sure to bring a financial calculator to every meeting of the finance portion of this course.**

Prerequisite

This is a first semester course in the M.S. in Information Technology and Management program. Enrollment is limited to students enrolled in this program.

COURSE GRADING

First Half of Semester: Accounting

Midterm Exam: 40%

Quizzes: 10% (There are 12 quizzes, your lowest two quiz grades will be dropped.)

Second Half of Semester: Finance

Final Exam: 40%

Homework: 10%

Grades: Your final course grade will be assigned based on a ranking system (which will average your rank in each half of the course). In order to be eligible to participate in the ranking system (and pass this class), **you must pass each half of the class** (with a grade of C or higher). If a student is allowed to remedy the failed half of the class, he/she will receive a final course grade lower than the grade given to any student who passed both halves of the class.

In addition to the grading scale described above, individual grades can be adversely affected by acts of academic dishonesty, poor attendance (including late arrival to class) or otherwise disrupting the learning environment.

If you feel there exists a grading error on any quiz, homework, or exam or if you feel you need to bring to either professors attention other facts or circumstances that might affect the grade for any quiz, homework, or exam, you will have two weeks from the date the assignment grade is posted on Canvas to take such action and have the matter resolved. Please do not wait until the end of the course, once you realize you may need additional points.

Accounting Attendance: During the accounting half of the class the quizzes (see quiz section below) serve as a de-facto attendance policy. In addition to that, a student who misses or partially misses more than three *total* classes cannot pass the accounting portion of the class without a direct and clear documentation of the circumstances that is provided to me before the midterm exam. This policy is in place as there is a strong, albeit obvious, link between taking part in active learning and doing well and mastering the material. Please note there is no distinction between “excused” and “unexcused” absences. Please save your absences for when you really need them!

In extreme situations (such as hospitalization, severe illness, death of an immediate family member) I may, in my discretion, excuse other absences after consultation with Student Emergency Services (<http://deanofstudents.utexas.edu/emergency/>). Minor illness, job interviews, vacation plans etc. will not qualify for such additional excused absences.

Finance Attendance: during the finance half of the class, you will not be penalized for your first unexcused absence. Each unexcused absence after your first will result in your final finance rank dropping by ten spots. If you have more than three unexcused absences, you cannot pass this half of the class. During the finance half of the class, you may also have two excused absences. An absence is excused if it is for an **off-campus** interview and you notify the instructor by email **two days prior to class**.

Accounting Exam: The midterm exam is closed-packet, closed-computer, and closed-notes. The exam will be individually-completed. You will need to bring a calculator to the exam, which may be your financial calculator. You may NOT use any calculator that stores text, which of course includes phones or computers. The exam will embrace all course content as covered in the assigned readings, homework problems, cases, articles, class notes, and class discussions. The exam will consist of multiple choice, calculation, and/or short answer questions. Severe illness or other emergencies are the only valid reasons for missing the exam, both of which I require verification from the office of the Dean of Students and Student Emergency Services. My old exam policy is the same as Professor Leeds in the next section.

Finance Exam: Your finance exam will be approximately 65% - 80% quantitative, but you will receive more detail before the exam (and the quantitative percentage could change). I do not release old exams. I have found that releasing old exams is problematic because (1) it results in people studying “to the exam” rather than studying to learn; and (2) students inevitably feel that old exams are easier than the current exam. In addition, I do not allow students to keep their exams. This maintains the fairness of exams, since you know that no one has seen old exams. If, for any reason, you should come in contact with an old exam, I request that you (1) not review it; and (2) notify me immediately.

Exam Dates: The Accounting exam (the “Midterm”) will be three hours and will be administered on Thursday October 18 from 2:15-5:15 in GSB 3.106. We will not have class on October 17 since we are having the midterm exam the next day. The Finance exam (the “Final exam”) will be administered on Friday, December 14th from 9 AM – noon in GSB 3.130.

Accounting Quizzes: All quizzes are individually completed and are closed-case, closed-article, closed-computer, and closed-notes. There are twelve quizzes in total. A quiz will be given at the **beginning** of every class except our first class on August 29. Each quiz will last approximately 2-15 minutes.

Each quiz will cover:

1. The cases and/or articles (but not the Canvas readings) assigned for **the current class session**, and
2. The class content and/or calculations from **the previous class session** (not the problems assigned for the current session).

Your lowest two quiz grades will be dropped. *No make-up quizzes will be given.* The only exception will be if you miss a quiz due to a severe illness or other emergency, and provide prompt notification and proof of emergency to Student Emergency Services (<http://deanofstudents.utexas.edu/emergency/>). They will require proof of emergency and will provide me official acknowledgement of the emergency. However, I have final authority to determine if your absence is excused. Once Student Emergency Services and I agree that your absence is excused, you will have an opportunity to take an alternative quiz during my office hours. Please come see me if you have any questions about this policy.

If you are late or miss one or two classes whether for business, recruiting, or personal reasons, you will have to count that quiz or quizzes as one of your dropped quiz grade or grades. If you miss more than two classes/quizzes, your grade on the third quiz will be zero. If you are late to class, you will not be able to take the quiz at the end of class. If you leave class after taking the quiz but before the end of class, without prior permission, I reserve the right to discard your quiz, resulting in a quiz grade of 0.

Accounting Homework: Homework problems will help you confirm your understanding of the key topics. These problems are not collected nor graded, but the questions and solutions are posted on Canvas. The purpose of the homework is to allow you to master the material. Although often intuitive in class, you will not really “get” these concepts and calculations unless you stumble through them on your own. Trying to solve the homework problems will be a good way to reinforce your knowledge of the material and to prepare for quizzes and the exam. If you need help with a homework problem after looking at the solution on Canvas, please feel free to see me.

Finance Homework: In Finance, we have Collected Homework (which is part of the grade) and Uncollected Homework (which you need to do in order to prepare for the exam).

The **Collected** Homework will include two homework sets. You will have one week to complete each set. The Collected Homework may be done (and submitted) either individually or with one other person. There should be no collaboration between different groups or with anyone outside of your group. In addition, looking at past solutions (written by the professor or by any former student) will be considered to be an act of academic dishonesty.

The **Uncollected** Homework consists of (A) problems that I have written (problems and solutions are on Canvas) and (B) problems at the end of the chapters. These problems will help to reinforce the concepts we are studying. They will also help you to prepare for the exam. While I do not collect these problems, you will find the exam to be very difficult if you have not spent time working these problems.

PREPARATION FOR CLASS

Accounting

See the accounting quiz section above. Also, there is a no laptop policy in the accounting half of this course.

Finance

With respect to the time that you allocate to this class, I prefer that you spend time reviewing material after class (and working problems) rather than preparing for class. With that said, if this material is difficult for you, there are taped lectures (on Canvas) that may help you (and it may help you to listen to the tape prior to class). I may ask you to listen to a tape prior to class (if we're running behind) – but usually these tapes will simply help you if you miss class.

You should use the text if you did not understand what we discussed or if you need more information. (Please understand: I will **not** hold you responsible for topics covered in the text that are not in the packet or the homework. The packet and class notes contain everything that you need to know.)

You will learn finance by working problems. If you attend class and work the Uncollected Homework in a timely fashion, you will do well. If you don't work the problems in a timely fashion, this will be a very difficult class. Study the course packet consistently.

Since you won't have time to do the homework problems again and again, let me suggest a good way to study. After you work the problems, every few days you should go back and re-read the questions. By doing this, you will trigger the thought process that you had to go through in order to answer the question. And always remember, it's not a matter of whether you are able to answer the question the first time you see it...the issue is whether you can recognize it and answer the question in the future (and whether you can apply these concepts to the real world).

KEY DATES FOR SEMESTER

Midterm Exam: Thursday, October 18th (2:15 – 5:15; GSB 3.106)

Final exam: Friday, December 14th (9 AM – noon; GSB 3.130)

THERE ARE NO MAKE-UP EXAMS. LATE HOMEWORK IS NOT ACCEPTED.

Accounting Schedule – First Half of Semester – 14 Class Periods (Class #14 is Midterm Exam)

Midterm Exam (3 hours) – Thursday October 18 – 2:15-5:15 in GSB 3.106

Class #1**Wed Aug 29****Topic – Introduction****Topic – Balance Sheet (Financial Accounting)**

Readings	See Canvas
Cases/Articles	None
Homework	See Canvas

Class #2**Wed Sep 5****Topic – Balance Sheet (Financial Accounting)**

Readings	See Canvas
Cases/Articles	None
Homework	See Canvas

Class #3**Mon Sep 10****Topic – Balance Sheet (Financial Accounting)****Topic – Income Statement (Financial Accounting)**

Readings	See Canvas
Cases/Articles	None
Homework	See Canvas

Class #4**Wed Sep 12****Topic – Income Statement (Financial Accounting)**

Readings	See Canvas
Cases/Articles	None
Homework	See Canvas

Class #5**Mon Sep 17****Topic – Income Statement (Financial Accounting)****Topic – Statement of Cash Flows (Financial Accounting)**

Readings See Canvas

Cases/Articles None

Homework See Canvas

Class #6**Wed Sep 19****Topic – Statement of Cash Flows (Financial Accounting)****Topic - Assignment of Costs, Timing of Costs on Financial Statements, and Behavior of Costs (Managerial Accounting)**

Readings See Packet

Cases/Articles None

Homework See Packet and Canvas

Class #7**Mon Sep 24****Topic - Assignment of Costs, Timing of Costs on Financial Statements, and Behavior of Costs (Managerial Accounting)**

Readings See Packet

Cases/Articles None

Homework See Packet and Canvas

Class #8**Wed Sep 26****Topic - Assignment of Costs, Timing of Costs on Financial Statements, and Behavior of Costs (Managerial Accounting)**

Readings See Packet

Cases/Articles None

Homework See Packet and Canvas

Class #9**Mon Oct 1****Topic – Budget Management, Budgeting Best Practices, and Human Dynamics of Budgeting (Managerial Accounting)**

Readings	None
Cases/Articles	“Games Managers Play at Budget Time” (in packet)
Homework	None

Class #10**Wed Oct 3****Topic – Budget Management, Budgeting Best Practices, and Human Dynamics of Budgeting (Managerial Accounting)**
Topic – Balanced Scorecard (Managerial Accounting)

Readings	None
Cases/Articles	“The Balanced Scorecard: Measures That Drive Performance” (in packet)
Homework	None

Class #11**Mon Oct 8****Topic – Balanced Scorecard (Managerial Accounting)**

Readings	None
Cases/Articles	None
Homework	None

Class #12**Wed Oct 10****Topic – Balanced Scorecard (Managerial Accounting)**

Readings	None
Cases/Articles	Citibank: Performance Evaluation (in packet)
Homework	None

Class #13**Mon Oct 15****Topic – Balanced Scorecard (Managerial Accounting)**

Readings	None
Cases/Articles	None
Homework	None

Schedule – Second Half of Semester (14 Class Periods)

The course schedule, if need arises, may be changed. These changes will be announced beforehand.

Date	Topics	Packet Units	Text Chap.	End-of-Chapter Problems (3 rd Ed.)	End-of-Chapter Problems (4 th Ed.)
M – Oct. 22	Time Value of Money	3	3,4,5		
W – Oct. 24	Time Value of Money	3	3,4,5	Chap 4: 1,8,10,12,18,20, 24,25,30A,31, 34,41,43,46	Chap 4: 1,8,10,12,18,20, 24,25,31A,32, 35, 42,44,47
M – Oct. 29	Time Value of Money	3	3,4,5	Chap 3: 1,2,6,8,9,10, 15,16,18,19 Chap 3 Appendix: 5,6 Chap 5: 4,6,25,36	Chap 3: 1,2,6,8,9,10, 15,16,18,19 Chap 3 Appendix: 5,6 Chap 5: 4,6,25,36
W – Oct. 31	Time Value of Money	3	3,4,5		
M – Nov. 5	Loans and Bonds (Applications of TVM)	4	5,6	Chap 4: 13,21,36,37,38,39 Chap 5: 14,20,22 Chap 6: 6,10,11,17,27	Chap 4: 13,21,37,38,39,40 Chap 5: 14,20,22 Chap 6: 6,10,11,17,28
W – Nov. 7	Dividend Discount Model (Applic. of TVM)	4	9	Chap 9: 4,5,6,8,11,13,16, 19	Chap 9: 4,5,6,9,11,13,16, 19
M – Nov. 12	Dividend Discount Model (Applic. of TVM)	4	9		
W – Nov. 14	Risk and Return	5 and 6	10,11,12	Chap 10: 2,7,11,27,37 Chap 11: 2,5,6,11,17,27,33, 38,48 Chap 12: 1,2,4,15	Chap 10: 2,7,11,27,37 Chap 11: 2,5,6,11,17,27,33, 38,48 Chap 12: 1,2,4,15
M – Nov. 19	Intro to Capital Budgeting	7	7	Chap 4: 15,47 Chap 7: 2,6,9,17,18,20, 21,23,25,30	Chap 4: 15,48 Chap 7: 2,6,10,19,20, 22,23,25,27,32
M – Nov. 26	Intro to Capital Budgeting				
W – Nov. 28	Financial Statements and Free Cash Flow	8	2	Chap 2: 17	Chap 2: 17
M – Dec. 3	Capital Budgeting	9	8	Chap 8: 2,6,7,9,12,14,16	Chap 8: 2,6,7,9,12,15,17
W – Dec. 5	Capital Budgeting				
M – Dec. 10	Catch Up				

Classroom Professionalism Policy

The classroom is a professional environment. As a result, you should expect professional behavior from the faculty and we should expect professional behavior from the students. You should expect that: (1) the faculty will start class on time; (2) we will be well prepared for class; (3) we will be respectful to you (and any questions you may have); and (4) we will set a time outside of class when we are available to answer your questions.

Similarly, we should expect you: (1) to arrive on time for class (2) to try to minimize any disruptions in class (no laptops in class, turn cell phones off, don't text or check email, please ask questions to the faculty rather than your neighbor, etc.); (3) to be prepared for class; and (4) to respect your peers and the faculty.

Academic Dishonesty

We have no tolerance for acts of academic dishonesty. Such acts damage the reputation of the school and the degree and demean the honest efforts of the majority of students. The minimum penalty for an act of academic dishonesty will be a zero for that assignment or exam.

As specific guidance for this course, you should not try to seek guidance about exams or types of questions from students who have previously taken this class. You should not do anything to aid future students in the testing process. Helping fellow students learn is an important part of our culture. I believe that it is easy to distinguish the attempt to help someone learn as opposed to the attempt to pass on information about exams.

Honor Code Purpose

Academic honor, trust and integrity are fundamental to The University of Texas at Austin McCombs School of Business community. They contribute directly to the quality of your education and reach far beyond the campus to your overall standing within the business community. The University of Texas at Austin McCombs School of Business Honor System promotes academic honor, trust and integrity throughout the Graduate School of Business. The Honor System relies upon The University of Texas Student Standards of Conduct (Chapter 11 of the Institutional Rules on Student Service and Activities) for enforcement, but promotes ideals that are higher than merely enforceable standards. Every student is responsible for understanding and abiding by the provisions of the Honor System and the University of Texas Student Standards of Conduct. The University expects all students to obey the law, show respect for other members of the university community, perform contractual obligations, maintain absolute integrity and the highest standard of individual honor in scholastic work, and observe the highest standards of conduct. Ignorance of the Honor System or The University of Texas Student Standards of Conduct is not an acceptable excuse for violations under any circumstances.

The effectiveness of the Honor System results solely from the wholehearted and uncompromising support of each member of the Graduate School of Business community. Each member must abide by the Honor System and must be intolerant of any violations. The system is only as effective as you make it.

Faculty Involvement in the Honor System

The University of Texas at Austin McCombs School of Business Faculty's commitment to the Honor System is critical to its success. It is imperative that faculty make their expectations clear to all students. They must also respond to accusations of cheating or other misconduct by students in a timely, discrete and fair manner. We urge faculty members to promote awareness of the importance of integrity through in-class discussions and assignments throughout the semester.

Expectations Under the Honor System

Standards

If a student is uncertain about the standards of conduct in a particular setting, he or she should ask the relevant faculty member for clarification to ensure his or her conduct falls within the expected scope of honor, trust and integrity as promoted by the Honor System. This applies to all tests, papers and group and individual work. Questions about appropriate behavior during the job search should be addressed to a professional member of the Career Services Office. Below are some of the specific examples of violations of the Honor System.

Lying

Lying is any deliberate attempt to deceive another by stating an untruth, or by any direct form of communication to include the telling of a partial truth. Lying includes the use or omission of any information with the intent to deceive or mislead. Examples of lying include, but are not limited to, providing a false excuse for why a test was missed or presenting false information to a recruiter.

Stealing

Stealing is wrongfully taking, obtaining, withholding, defacing or destroying any person's money, personal property, article or service, under any circumstances. Examples of stealing include, but are not limited to, removing course material from the library or hiding it from others, removing material from another person's mail folder, securing for one's self unattended items such as calculators, books, book bags or other personal property. Another form of stealing is the duplication of copyrighted material beyond the reasonable bounds of "fair use." Defacing (e.g., "marking up" or highlighting) library books is also considered stealing, because, through a willful act, the value of another's property is decreased. (See the appendix for a detailed explanation of "fair use.")

Cheating

Cheating is wrongfully and unfairly acting out of self-interest for personal gain by seeking or accepting an unauthorized advantage over one's peers. Examples include, but are not limited to, obtaining questions or answers to tests or quizzes, and getting assistance on case write-ups or other projects beyond what is authorized by the assigning instructor. It is also cheating to accept the benefit(s) of another person's theft(s) even if not actively sought. For instance, if one continues to be attentive to an overhead conversation about a test or case write-up even if initial exposure to such information was accidental and beyond the control of the student in question, one is also cheating. If a student overhears a conversation or any information that any faculty member might reasonably wish to withhold from the student, the student should inform the faculty member(s) of the information and circumstance under which it was overheard.

Actions Required for Responding to Suspected and Known Violations

As stated, everyone must abide by the Honor System and be intolerant of violations. If you suspect a violation has occurred, you should first speak to the suspected violator in an attempt to determine if an infraction has taken place. If, after doing so, you still believe that a violation has occurred, you must tell the suspected violator that he or she must report himself or herself to the course professor or Associate Dean of the Graduate School of Business. If the individual fails to report himself or herself within 48 hours, it then becomes your obligation to report the infraction to the course professor or the Associate Dean of the Graduate School of Business. Remember that although you are not required by regulation to take any action, our Honor System is only as effective as you make it. If you remain silent when you suspect or know of a violation, you are approving of such dishonorable conduct as the community standard. You are thereby precipitating a repetition of such violations.

The Honor Pledge

The University of Texas at Austin McCombs School of Business requires each enrolled student to adopt the Honor System. The Honor Pledge best describes the conduct promoted by the Honor System. It is as follows:

"I affirm that I belong to the honorable community of The University of Texas at Austin Graduate School of Business. I will not lie, cheat or steal, nor will I tolerate those who do."

"I pledge my full support to the Honor System. I agree to be bound at all times by the Honor System and understand that any violation may result in my dismissal from the Graduate School of Business."

Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at <http://deanofstudents.utexas.edu/ssd/index.php>. Please do not hesitate to contact SSD at (512) 471-6259, 471-6441 TTY or via e-mail if you have any questions.