Colorado School of Mines

Accounting and Finance – EBGN 540 – A

Instructor: Paul Zink
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Phone: 720-273-4905
Office: Engineering Hall #314
Office Hours: Tues. 11:00 a.m.-1:00 p.m.; Wed. 3:00-4:30 p.m. (virtual via Zoom); Fri. 1:00 p.m.-2:30 p.m. (virtual via Zoom); or by appointment
Class Meetings: Tuesday & Thursday 9:30-10:45 a.m.
Class Location: Green Center – Friedhoff Room
Instructional Activity: 3 hours lecture  Semester Hours: 3

Course Description
This course teaches basic principles and key concepts of accounting and corporate finance and focuses on practical application of those principles and concepts in the business world. Accounting is the systematic and comprehensive recording of financial transactions pertaining to a business. Accountants help firms to report these transactions to shareholders, creditors, regulators, and other interested parties through the preparation of financial statements. This course will emphasize how to read, interpret and analyze financial statements, and how these statements work together to present a comprehensive picture of a company’s financial position, performance and prospects. The connection between operating and management decisions and a company’s financial performance will also be stressed.

Corporate finance seeks to plan, organize, monitor and manage a firm’s financial resources to achieve organizational goals and objectives. Capital structure, cost of capital, the time value of money, financial modeling and valuation, financial planning and capital budgeting, and capital investment decisions will all be addressed. The course will spend time focusing on the range of techniques and decisions involved in managing the financial resources of firms.

Prerequisites: None, but Engineering Economics (EBGN 321) or the Economic Evaluation workshop offered by the Division of Economics and Business would provide useful background.

Required Materials
Textbooks/ebooks:
Fundamentals of Corporate Finance (12th Edition) by Ross, Westerfield, and Jordan
The Essentials of Finance and Accounting for Nonfinancial Managers (3rd Edition) by Edward Fields

Supplemental Accounting Materials:
“Accounting I” and “Accounting II”, sparkcharts, Barnes & Noble

Other Recommended Readings: Wall Street Journal or the Financial Times
You are expected to complete the assigned chapter readings and take notes on these chapters prior to class. Due to the nature of the course, very little class time will be used to present basic definitions. I will expect that you are generally aware of the basic definitions prior to class and plan to use class time to provide examples and build upon the basics.

**Student Learning Outcomes**
At the end of the course, students will:

- Explain the goals of the firm and of financial management
- Read and interpret financial statements and explain how they work together to present a comprehensive picture of a company’s financial position, performance and prospects
- Analyze a firm’s performance, creditworthiness and competitive position using financial ratios
- Anticipate and demonstrate the impact of management and operating decisions on financial results
- Describe the time value of money and discuss the relationship between risk and return
- Build financial models to value assets, evaluate capital investment alternatives, and forecast capital needs
- Calculate a firm’s cost of equity and weighted average cost of capital using the capital asset pricing model
- Develop a financial strategy for financing a project and for corporate growth, evaluate trade-offs between using debt and equity, and explain how capital structures often change over a firm’s life cycle

**Topics Covered** – additional detail in course calendar
Section 1: Introduction to basic accounting concepts and application of principles
Section 2: Elements and mechanics of financial statements
Section 3: Financial ratio analysis
Section 4: Financial modelling and valuation
Section 5: Time value of money, discounted cash flow and cost of capital
Section 5: Capital budgeting and investment decision-making
Section 5: Capital structure and financial strategy

**Grading**

Your grade in this class will be based on your overall percent average, using the following guidelines:

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<thead>
<tr>
<th>Accounting and Finance Grading Scale</th>
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<td>Percentage Range</td>
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<table>
<thead>
<tr>
<th>93% – 100%</th>
<th>A</th>
<th>73% - 76%</th>
<th>C</th>
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<tbody>
<tr>
<td>90% - 92%</td>
<td>A-</td>
<td>70% - 72%</td>
<td>C-</td>
</tr>
<tr>
<td>87% - 89%</td>
<td>B+</td>
<td>67% - 69%</td>
<td>D+</td>
</tr>
<tr>
<td>83% - 86%</td>
<td>B</td>
<td>63% - 66%</td>
<td>D</td>
</tr>
<tr>
<td>80% - 82%</td>
<td>B-</td>
<td>60% - 62%</td>
<td>D-</td>
</tr>
<tr>
<td>77% - 79%</td>
<td>C+</td>
<td>Below 60%</td>
<td>F</td>
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These guidelines are subject to change, but if you score in the stated range you are guaranteed at least the corresponding grade.

Grades will be posted on Canvas. I cannot guarantee that the grade on Canvas is completely accurate until the end of the semester. If you ever need confirmation of your current course grade, please ask.

**Summary of Course Components Weightings in Final Grade**

1. In-class Exercises, Homework and Online Homework 30%
2. Case Study Group Project 20%
3. Exams (mid-term and final – 25% each) 50%

Total 100%

Grievance Procedure: Anyone feeling that a dispute exists after the grading of any assignment or exam may submit a written grievance. The grievance should identify the item in dispute and arguments supporting the student's position. Grievances must be submitted in writing within two class periods following the return of the assignment or exam, and a written response will be returned within two class periods after receipt.

**Grading Components**

Homework Problems and Online Homework – 30% of final grade

Most homework assignments will be accessible using the Canvas online learning system. Due dates will be announced in class and posted on Canvas. There may be other homework assignments that are submitted in class or on Canvas.

Case Study Group Project – 20% of final grade

You and your group will work through an extensive case study that will incorporate several of the accounting and corporate finance topics covered in the course and will develop a simulated presentation to the CEO and Board of Directors addressing the key elements of the case. Your group will collectively develop an industry outlook, a relevant peer group comparison, and a financial forecast for the subject company. The deliverables will be a detailed PowerPoint slide presentation and a group presentation at the end of the semester that will be graded based on instructor and peer evaluations. Much more detailed information will be provided in the assignment instructions.

Due Date for Case Study Project: November 17; Presentation Dates: November 17, 19 and 24

Exams – mid-term = 25%; final = 25% of final grade
The exams may be comprised of calculations, multiple choice and short answer questions, mostly focused on problem-solving and analysis of financial information. You will be allowed to bring a note sheet to each exam.

Exam Dates: October 15 and December 3

Course Attendance Policy
Please be familiar with the Attendance Policy for the Colorado School of Mines:

http://inside.mines.edu/Student-Absences

Lectures: Failure to attend and participate in in-class assignments and activities will count negatively toward your course score. Students are expected to regularly attend and participate in class. If you miss a class, it is your responsibility to get any notes and assignments. It is up to you to master the subject matter of the course and to demonstrate the ability to use the tools covered at an acceptable skill level.

Exams: The dates of exams are indicated on this syllabus. Please mark your calendars early. Make-up exams will generally not be offered, unless there are extenuating circumstances.

Late Coursework Policy
Late assignments will generally not be accepted. Please plan accordingly to assure you complete your work by the stated due date and time. If extenuating circumstances arise, please contact your instructor promptly to discuss potential options.

Coursework Return Policy
In-Class exercises and homework assignments – In-class exercises and homework assignments will be graded and returned within one week.

Exams - Exams will be graded within one week and will be available for review in class. Students will not be permitted to keep exams; however, they will be available for review in the instructor’s office.

Students with Disabilities
The Colorado School of Mines is committed to ensuring the full participation of all students in its programs, including students with disabilities. Colorado School of Mines complies with all federal and state laws and regulations regarding discrimination, including the Americans with Disabilities Act of 1990. If you are registered with Disability Support Services (DSS) and I have received your letter of accommodations, please contact me at your earliest convenience so we can discuss your needs in this course. For questions or other inquiries regarding disabilities, I encourage you to visit disabilities.mines.edu for more information.

If you have a disability have not registered with Disability Support Services and need a reasonable accommodation for equal access to education or services at Colorado School of Mines, please contact the Disability Services Office at 1770 Elm St. – Wellness Center 209, by calling 303-273-3297, or emailing Marla Draper mdraper@mines.edu. If you have a disability that could affect your performance in this class or that requires an accommodation under the Americans with Disabilities Act, please see me as soon as possible so that we can make appropriate arrangements.

Policy on Academic Integrity/Misconduct
The Colorado School of Mines affirms the principle that all individuals associated with the Mines academic community have a responsibility for establishing, maintaining an fostering an understanding
and appreciation for academic integrity. In broad terms, this implies protecting the environment of mutual trust within which scholarly exchange occurs, supporting the ability of the faculty to fairly and effectively evaluate every student’s academic achievements, and giving credence to the university’s educational mission, its scholarly objectives and the substance of the degrees it awards. The protection of academic integrity requires there to be clear and consistent standards, as well as confrontation and sanctions when individuals violate those standards. The Colorado School of Mines desires an environment free of any and all forms of academic misconduct and expects students to act with integrity at all times.

Academic misconduct is the intentional act of fraud, in which an individual seeks to claim credit for the work and efforts of another without authorization, or uses unauthorized materials or fabricated information in any academic exercise. Student Academic Misconduct arises when a student violates the principle of academic integrity. Such behavior erodes mutual trust, distorts the fair evaluation of academic achievements, violates the ethical code of behavior upon which education and scholarship rest, and undermines the credibility of the university. Because of the serious institutional and individual ramifications, student misconduct arising from violations of academic integrity is not tolerated at Mines. If a student is found to have engaged in such misconduct sanctions such as change of a grade, loss of institutional privileges, or academic suspension or dismissal may be imposed.

- The complete policy is online.

**Discrimination and Harassment**

This course and all learning opportunities at Mines require a safe environment for everyone to be productive, develop professional practices, and to be able to share and learn without fear of discrimination or harassment. Discrimination or harassment of any type will not be tolerated.

Sometimes harassment is unintentional, but regardless of intent the instructor will address any language or behaviors that might discriminate, stereotype, or promote harassment. If you witness discrimination or harassment of others, please bring it to the attention of Mines faculty so it can be addressed immediately.

Title IX is a federal law that protects individuals from discrimination based on sex and gender in educational programs or activities. Mines takes its Title IX obligations seriously and is committed to providing a campus community free from gender-based discrimination. Gender-based discrimination, including sexual harassment, sexual violence, stalking, and domestic violence, is prohibited within the Mines campus community. If these issues have impacted you or someone you know, you can appropriate resources here: [http://inside.mines.edu/POGO-Title-IX](http://inside.mines.edu/POGO-Title-IX). You can also contact the Mines Title IX Coordinator, Camille Torres, at 303.384.2558 or titleix@mines.edu for more information.

**CARE @ Mines**

Living, learning, and working at Colorado School of Mines can cause stress and may be a reason that someone is displaying distressed or disruptive behavior. Mines is committed to providing a safe and supportive environment for all members of the campus community. The CARE Team at Mines provides assistance to the campus community to help access and find solutions for managing these difficult situations.

The CARE at Mines website (care.mines.edu) provides information on campus and community resources that are available. Distressed and disruptive behavior usually includes a change in a person’s performance, appearance, or emotional state and may be symptomatic of a person’s inability to manage personal or emotional difficulties. Behaviors may include:
• Sleep disturbances (too much or too little)

• Class attendance or participation issues

• Change in personal hygiene

• Altered performance in academic/organization pursuits

• Difficulty making decisions

• Heightened emotional response

• Over dependence on others

• Self-harm behaviors (cutting, burning)

• Expressed suicidal thoughts

• Engaging in risky behaviors that are out of character/context

• Alcohol and Drug Abuse

If you have noticed any of these behaviors or are concerned for your students, please email CARE at CARE@mines.edu or visit the care.mines.edu website to start the support process and seek assistance. Additional suggestions for referrals for support, depending on comfort level and needs include:

• CARE at Mines – for various resources and options, or to submit an online “CARE report” about someone you’re concerned about (email care@mines.edu)

• CASA – for academic advising, tutoring, academic support, and academic workshops
• **Counseling Center** – for students to call 303-273-3377 for an appointment. There are also online resources for students on the website. Located in the Wellness Center 2nd floor at 1770 Elm St.

• **Health Center** – students may call 303-273-3381 for appointment. Located in Wellness Center 1st floor at 1770 Elm St.

• **Colorado Crisis Services** – for crisis support 24/7, either by phone, text, or in person. Colorado Crisis Services is a great confidential resource, available to anyone by calling 1-844-493-8255, or texting “TALK” to 38255. Walk-in location addresses are posted on the website. All of these options are available for free for students. The Counseling Center, Health Center, and Colorado Crisis Services are confidential resources. The Counseling Center will also make referrals to off-campus counselors, if preferred. In an emergency, you should call 911, and they will dispatch a Mines or Golden PD officer to assist.

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**Detailed Course Schedule***

<table>
<thead>
<tr>
<th>Week</th>
<th>Dates</th>
<th>Topics</th>
<th>Textbook Chapter</th>
<th>Assignments</th>
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<tbody>
<tr>
<td>1</td>
<td>8/25-8/27</td>
<td>Course Overview, Key Accounting Principles &amp; Intro to Financial Statements</td>
<td>Fields Ch. 1-4, Appendix D, Survey of Acct’g</td>
<td>Word problems, Organize BS &amp; IS accounts</td>
</tr>
<tr>
<td>2</td>
<td>9/1-9/3</td>
<td>Financial Statements</td>
<td>Fields Ch. 5, Fund of CF CH. 2</td>
<td>Sales cycle &amp; create CF stmt, Target company financials</td>
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<tr>
<td>3</td>
<td>9/8-9/10</td>
<td>Financial Ratios</td>
<td>Fields Ch. 6-7 and “The DuPont Model Revisited”</td>
<td>Build peer group</td>
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<tr>
<td>4</td>
<td>9/15-9/17</td>
<td>Financial Statement Analysis and Peer Comparisons</td>
<td>Fields Ch. 9, Fund of CF CH. 3</td>
<td>Equity and Rat. Agency ratios</td>
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<tr>
<td>Week</td>
<td>Dates</td>
<td>Topic</td>
<td>Notes</td>
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<td>5</td>
<td>9/22-9/24</td>
<td>Business Model Connections</td>
<td>Cross industry comparisons; [drilling exercise – budget exercise]</td>
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<tr>
<td>6</td>
<td>9/29-10/1</td>
<td>MD&amp;A’s &amp; Footnotes</td>
<td>Financial Reporting Manual excerpt (SEC), MD&amp;A guidance from CPA Canada &amp; KPMG disclosure guide; Mini-research papers, DD&amp;A methods exercise</td>
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<tr>
<td>7</td>
<td>10/6-10/8</td>
<td>Intangibles and Fair Value Accounting</td>
<td>Wikipedia and Investopedia articles; FAS 157 &amp; IFRS 13; Short essay quiz – compare and contrast 3 levels of FV accounting</td>
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<tr>
<td>8</td>
<td>10/13-10/15</td>
<td>Accounting wrap-up</td>
<td>Exam 1 – 10/15</td>
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<td>Mid-term Exam</td>
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<td>9</td>
<td>10/20-10/22</td>
<td>Fall Break – No Class 10/20</td>
<td>Fund of CF Ch. 1</td>
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<td></td>
<td>Intro to Corporate Finance &amp; Case Study Project</td>
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<tr>
<td>10</td>
<td>10/21-10/23</td>
<td>Financial Planning and Modeling</td>
<td>Fund of CF Ch. 4</td>
<td>Growth rates exercises; external cash needs</td>
</tr>
<tr>
<td>11</td>
<td>10/27-10/29</td>
<td>Time Value of Money, DCF &amp; Investment Decision-Making</td>
<td>Fund of CF Ch. 5, 6 and 9</td>
<td>TVM problems, DCF exercises</td>
</tr>
<tr>
<td>12</td>
<td>11/3-11/5</td>
<td>Cost of Capital</td>
<td>Fund of CF Ch. 14</td>
<td>CAPM problems</td>
</tr>
<tr>
<td>13</td>
<td>11/10-11/12</td>
<td>Financial Leverage and Capital Structure</td>
<td>Fund of CF Ch. 14</td>
<td>Risk-return research &amp; mini-case?</td>
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<tr>
<td>14</td>
<td>11/17-11/19</td>
<td>Case Study Presentations</td>
<td>Fund of CF Ch. 16</td>
<td>Case Study Project due 11/17</td>
</tr>
<tr>
<td>Week</td>
<td>Dates</td>
<td>Event</td>
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| 15   | 11/24-11/26 | Case Study Presentations
Thanksgiving – No Class 11/26 | |
| 16   | 12/1-12/3  | Dividend and Pay-Out Policy
Final Exam | Fund of CF Ch. 17
Final Exam 12/3 |
| 17   | 12/8      | Last Day of Class – Wrap-up and De-Brief Final Exam | |

* Course content subject to change. All changes will be announced in class and online. It is your responsibility to stay informed of changes.