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WORKBOOK FOR OPTIONAL FINANCE AND ACCOUNTING SECTION

Please watch the Introduction lecture of this section.

There are no quizzes for this section.

There are 21 parts in this section, which can be accessed by clicking on the links in the blue box above.
Thanks

Finance and Accounting Optional Section Part 1 (Meaning Video #1):

Fast forward in the lecture to access the following topics:

00:17 Can you please take a look at this pitch deck?

12:09 Advice on raising money if you don't have a CTO.

17:19 Do you hire a bookkeeper or keep your books in QuickBooks?

18:44 How realistic is the movie Wall Street?

Finance and Accounting Optional Section Part 2 (Meaning Video #2):

Fast forward in the lecture to access the following topics:

00:17 You say cash is not a good investment. I saved six months of living expenses in cash in case of emergency, should I buy gold instead? Are there other short-term liquid assets you would recommend?

01:20 What's the difference between a retail bank and custodian bank?

02:07 How can we calculate the NPV of software projects, how do you decide if we should proceed with a particular software product or not financially?

12:56 How is a company's valuation related to its price? Are there specific stocks? I see there are different ways to price stocks, but I want to understand how the fair value is determined.

Finance and Accounting Optional Section Part 3 (Meaning Video #3):

Fast forward in the lecture to access the following topics:

00:17 Can you explain the different stages of capital raising with venture capitalists and the typical size of different rounds like A, B, and C?

02:40 What's a typical day like in a venture capital role, and how do you get a venture capital role?

05:23 How can I keep my team focused?

07:02 Why are most companies not going for the IPO and staying private for long durations, and why are venture capital firms not pressuring companies to go public more? What is the VCs' intention in keeping companies private longer?

08:31 What's the average return in the venture capital world, and how is compensation defined for venture capital firms?

10:10 What is your recommendation strategy on re-investing dividends from blue-chip stocks?

11:31 What is the difference between venture capital, private equity, and hedge funds? How is their business model different from each other?

14:57 Do hedge funds perform better than index funds in the long term?

15:58 What is it trigger to form a company structure revenue, as you know there are US tax benefits like the equipment purchases...etc? I know you're not a tax advisor, just wondering about timing.

Finance and Accounting Optional Section Part 4 (Meaning Video #4):

Fast forward in the lecture to access the following topics:

00:17 Can you please explain deferred revenue using a different example?

02:29 I don't understand retained earnings, is that tied in with shareholders' equity and common stock?

05:10 A customer pre-orders an Apple computer for a \$1,000, but it doesn't ship until June so that \$1,000 is counted as deferred revenue, being a liability until it's delivered. Is this correct?

05:51 Why is depreciation deducted on the income statement and added on the cash flow statement?

09:00 How are accounts receivable and accounts payable different from deferred revenue?

13:09 University A tells me my tuition is \$15,000 for the year, and I pay in 3 installments of \$5,000 over 3 months, is this still counted as deferred revenue or accounts receivable?

16:51 Can you please cover accretion again, why is it better for the acquiring company's PE to go down?

19:56 Can you explain price-earnings, price–revenue, and price–cash flow ratios again?

Finance and Accounting Optional Section Part 5 (Meaning Video #5):

Fast forward in the lecture to access the following topics:

00:17 Can you please review the logic behind the terminal value formula?

05:48 Can you explain growth investors, value investors, and the purgatory section?

09:16 Net Present Value (NPV) function in Excel again. The PEG ratio and price-to-book (P/B) ratio.

12:47 VFT and RSI

Finance and Accounting Optional Section Part 6 (Meaning Video #6):

Fast forward in the lecture to access the following topics:

00:17 Disney's (DIS) RSI

03:12 What is the difference between accretion and dilution?

04:55 Can any company go public?

06:42 Is Warren Buffet a value or growth investor?

07:21 Have you ever seen a company's growth slow down after going public?

08:32 If a company has both buy and sell-side, how do they manage compliance?

09:38 How do companies decide the number of shares they should issue when they go public?

Finance and Accounting Optional Section Part 7 (Meaning Video #7):

Fast forward in the lecture to access the following topics:

00:17 Would a price-earnings valuation always use non-GAAP, or is it based on the preference of the valuer?

00:50 What is the stock market return when calculating the cost of equity?

02:36 What's the Excel formula for calculating the terminal value?

03:54 When valuing over ten years and doing sensitivity analysis, would one consider cyclical downturns?

06:24 Is a stock rally an indication of a bubble?

13:23 How can I identify the benchmark of beta in different industries?

15:30 Is the traditional valuation methodology valid for new disruptive industries?

16:47 What will happen if the valuation guidance was inflated and didn't perform well after the IPO, is it possible to keep valuation higher than the market cap?

18:31 How do we invest in the S&P 500 and analyze it?

Finance and Accounting Optional Section Part 8 (Meaning Video #8):

Fast forward in the lecture to access the following topics:

00:17 What is the tax advantage when working with debt rather than equity?

03:20 What is the job of a financial advisor in an investment company like Edward Jones?

06:59 What is the Monte Carlo simulation used for?

08:05 When we calculate the sensitivity and find a high variation between bullish and bearish cases, does that reduce the valuation due to higher risk?

13:00 What levers does the government have to stimulate the economy?

Finance and Accounting Optional Section Part 9 (Meaning Video #9):

Fast forward in the lecture to access the following topics:

00:17 Is the interest rate similar to the mortgage interest rate?

07:46 Do you have guidelines for how many distinguishing factors you would look for to justify $\frac{1}{2}$ or 2 PEG valuation?

09:33 Would you do a one-pager on ETF?

11:01 What does it mean to have leverage in the model, and what is its significance?

12:24 What do you consider high/low interest rate?

12:59 What does shorting mean? Does it mean betting?

14:31 What George Soros did to the Bank of England turned out to be good for the Euro, but was it legal and ethical?

18:37 What does "float" mean?

Finance and Accounting Optional Section Part 10 (Meaning Video #10):

Fast forward in the lecture to access the following topics:

00:17 Are there any laws protecting countries' currency from being broken by the likes of George Soros?

00:42 What does "pegged to the US dollar" mean?

02:48 How is it possible for small investors to invest in venture capital rounds?

05:14 Can you go over the following terms: COGS, Income loss from operations, EBITDA, Other income (expense), GAAP Income (loss) before income taxes vs GAAP Net income (loss), GAAP EPS, Long term/short term assets.

08:31 How does the interest rate affect the refinancing of my mortgage?

10:18 Can you please tell us why Lehman Brothers failed?

15:04 How do we know when a company's management team is selling their shares?

Finance and Accounting Optional Section Part 11 (Meaning Video #11):

Fast forward in the lecture to access the following topics:

00:17 What's a stop-loss order?

01:11 How to differentiate between broken stocks and broken companies?

02:41 How can we get out of illiquid stocks in one day?

06:03 Why do some companies have three months ended and twelve months ended stats on their quarterly reports, does it mean they only provide first and last quarter earning?

07:06 Do you do your own retirement planning or hire a financial advisor? Is it a good idea to hire someone or do it yourself?

08:33 What is EPS, PE ratio, book value, face value, and price-book ratio?

14:39 What are write-downs for excess inventory?

17:24 How do put options benefit you in a down market?

Finance and Accounting Optional Section Part 12 (Meaning Video #12):

Fast forward in the lecture to access the following topics:

00:17 Could you please explain the price-book ratio?

02:50 How do you come up with additional sources of income during these times?

04:12 How can I benchmark the expenses R&D, S,G&A and S&M to be a percentage of revenue, is there an ideal ratio for a manufacturing company?

06:40 Can you help me understand the stimulus checks?

07:09 What are your thoughts on business credit cards?

08:20 I'm building my valuation Excel model; do you have any guidelines?

14:41 How much of the market volatility is caused by algorithmic trading based on news data and regulations?

19:30 What is the best retirement savings plan?

Finance and Accounting Optional Section Part 13 (Meaning Video #13):

Fast forward in the lecture to access the following topics:

00:17 You say it's always better to analyze the company before investing in it, how do you deal with situations when you don't have the time to do thorough research?

04:37 If discounted cash flow takes many years into account, will it not yield a high valuation?

06:01 Are the oil and index ETF's too risky?

07:55 How does a reverse split work?

11:15 Can you please elaborate on the covenant waiver and covenant breach?

13:58 When is the right time to sell stocks?

Finance and Accounting Optional Section Part 14 (Meaning Video #14):

Fast forward in the lecture to access the following topics:

00:17 Can you please explain the rule of 72 and the future value of money equation, can you also run through the wooden income statement again, this time using the example of a book?

18:04 For depreciation, can't people just depreciate anything to pay lower taxes?

Finance and Accounting Optional Section Part 15 (Meaning Video #15):

Fast forward in the lecture to access the following topics:

00 :17 Do hedge funds make most of their money from shorting stocks?

04:23 When is it time to move from a stock investment due to qualitative reasons?

05:34 How do you know when to liquidate your investment?

10:58 A hypothetical firm's stock price is \$100, and they issue a dividend at \$2, does the stock price decrease by \$2?

12:16 For a tech company, do you need a certain number of clients or subscribers to go public?

12:45 Can you explain term life insurance?

15:00 How does auto insurance deductible work?

16:11 Can you explain strike price and ROFR (Right of First Refusal), fiscal policy versus monetary policy?

Finance and Accounting Optional Section Part 16 (Meaning Video #16):

Fast forward in the lecture to access the following topics:

00:17 How is a line of credit more beneficial than investments?

01:32 Why would a company take a line of credit from an investor?

02:51 Can you walk us through the things you do when you're trying to research a company?

03:52 Who do you look up to regarding investing?

05:51 Is an investment in a broad ETF such as VOO significantly greater than 5% of the portfolio, meaning 20% worse or better than holding cash when rebalancing a portfolio? Because it takes time to do analysis for four specific stocks and the market is particularly volatile right now.

08:38 What is the risk level of real estate?

12:21 Can you explain bond ETF's again?

18:18 What should be the ideal P/E ratio for growth companies?

Finance and Accounting Optional Section Part 17 (Meaning Video #17):

Fast forward in the lecture to access the following topics:

00:17 What are your thoughts on value investing in current circumstances?

01:42 I came across an article suggesting that value investing is outdated and it's time for growth investing, what are your thoughts on this?

04:29 Do you think it's possible to be both a growth and value investor?

05:32 Are pre-orders considered deferred revenue or accounts receivable?

08:05 Do companies working in the healthcare sector have to pay taxes like payroll taxes?

08:30 Does every electronic device that a company owns and buys be considered for depreciation?

10:04 Are tax rebates and benefits the same?

12:03 What are your thoughts on dollar-cost averaging?

15:03 What does it mean by 'heavily-shorter stocks'?

19:09 How does shorting a stock influence markets going down?

20:39 You always say to buy broken stocks, not broken companies. Isn't that a more value investing motto than a growth investing one?

21:19 How do Warren Buffett and other long-term investors hedge their bets during a recession?

Finance and Accounting Optional Section Part 18 (Meaning Video #18):

Fast forward in the lecture to access the following topics:

00:17 I bought the same ETF multiple times over the last few years at different prices. How should I include this in my financial planning spreadsheet?

01:36 Will there be bank covenants on loans?

03:09 Why and when does under-valuation of companies take place?

05:15 Can you please explain a provision or benefit for income tax purposes?

09:29 What does it mean to convert debentures into preferred shares?

12:55 Would you suggest using the weighted-average method to merge multiple stock purchases?

13:18 How soon do venture capital firms want to see a return?

16:03 Can you explain Mark Cuban and the way he hedged his Yahoo position?

20:40 Is using calls and puts contradictory to long-term investing?

Finance and Accounting Optional Section Part 19 (Meaning Video #19):

Fast forward in the lecture to access the following topics:

00:17 Where do you find your quotes?

02:59 I have a chance to invest in a small blockchain startup. How risky could this be?

04:29 Do you invest for cash flow or capital appreciation?

07:10 Why are you not fond of investing in companies where the founders left?

11:01 Are early investors ever allowed to sell their shares on the IPO date?

12:32 How do you implement stop-losses in terms of portfolio management?

18:38 Is it possible to link 'if-then' logic to a stop-loss sale to trigger a buy on another stock?

Finance and Accounting Optional Section Part 20 (Meaning Video #20):

Fast forward in the lecture to access the following topics:

- 00:17 Is a Bloomberg terminal worth the price?
- 02:43 What are your thoughts on the fundamentals of buying a stock if it hits a 52-week high?
- 03:24 What are your thoughts on Deutsche Bank?
- 04:48 Do you use TIPS (Treasury Inflated Protected Securities) for money that you are saving?
- 05:43 Is it best to sit in cash when waiting to invest?
- 05:59 Should you only take on debt when you are generating cash flow?
- 10:29 Can you go over pre-money and post-money?
- 11:28 What does adjusted-by-dilution mean?
- 12:17 In the angel investing round, does there need to be more than one person on a team?
- 14:26 What are the drawbacks if a company does a stock split?
- 16:09 How long does it take for a stock to adjust to news in the market?

Finance and Accounting Optional Section Part 21 (Meaning Video #21):

Fast forward in the lecture to access the following topics:

00:17 What do you think about asking for \$2 million at a \$20 million valuation for seed money?

00:38 What does it mean when investors talk about getting traction in the seed rounds?

01:09 What is a down round?

02:42 What is the best way to value a growth company?

11:26 What is a convertible note?

15:08 What are your thoughts the stock market hitting record-breaking highs?

17:31 What do you think about Warren Buffett's investment in insurance companies?