

ACC/FIN 4025 – Financial Statement Analysis and Valuation

Course Syllabus – Spring 2024

General Information:

Instructor: Daniel Bothe *Mobile Phone:* 858-204-3866
Office: FSB125 *E-mail:* dbothe@pointloma.edu
Office Hours: By appointment *Class time/room:* T/R 11:00am – 12:15pm FSB 105 (Section 1)
T/R 1:30pm – 2:45pm FSB 105 (Section 2)

PLNU Mission: To Teach ~ To Shape ~ To Send

Point Loma Nazarene University exists to provide higher education in a vital Christian community where minds are engaged and challenged, character is modeled and formed, and service is an expression of faith. Being of Wesleyan heritage, we strive to be a learning community where grace is foundational, truth is pursued, and holiness is a way of life.

Fermanian School of Business Mission: Character ~ Professionalism ~ Excellence ~ Relationships ~ Commitment ~ Innovation

As members of a vital Christian community, we strive to provide high quality business programs that equip students to make a positive impact in their workplace and community by connecting purpose to practice.

Course Description: An applications-oriented course designed to develop the tools essential to evaluate the performance and assess the value of companies from a decision maker's perspective. Topics include industry and competitive strategy analysis, accounting analysis, ratio analysis, forecasting, earnings and cash based valuation models, and equity and credit analysis.

Course Learning Outcomes (CLOs):

Upon completion of this course, students will be able to:

1. Exhibit an in-depth understanding of financial statement analysis and valuation knowledge and tools in the areas of business analysis, accounting analysis, financial analysis, and prospective analysis (PLO 1, A1 & C1).
2. Prepare a business valuation using financial statement analysis and valuation knowledge and tools (PLO 2, A2 & C2).
3. Prepare a comprehensive research report on a public company and evaluate the buy, sell or hold recommendation of such company (PLO 2 & 3).
4. Examine critical aspects of both equity and credit analysis, including the role financial statement analysis and valuation knowledge and tools play in such analyses (PLO 2 & C1).
5. Collaborate effectively in teams in the financial statement analysis and valuation of a business (PLO 5, A1, A2, C1 & C2).

Course Materials Required:

Business Analysis and Valuation: Using Financial Statements, Text and Cases, 5th Edition, Krishna G. Palepu; Paul M. Healy. ISBN-10: 1-111-97228-1

Student Evaluation:

1. I will evaluate you on the following graded events (approximate points available):

<u>Graded Event</u>	<u>Points</u>
Homework (8 @ 10 points each)	80
Case Summaries (8 @ 30 points each)	240
Finance Exit Exam (FIN or Dual FIN + Other Majors) <u>or</u> M&A Case/HW/Project (All other students)	50
Class Participation / Attendance	80
Exams (2 @ 150 points each)	300
Final Project	<u>250</u>
Total Approximate Points Available	1,000

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2. I will evaluate student performance based on the following scale (which may be adjusted based on the overall class performance):

A=93-100	C=73-76.9
A-=90-92.9	C-=70-72.9
B+=87-89.9	D+=67-69.9
B=83-86.9	D=63-66.9
B-=80-82.9	D-=60-62.9
C+=77-79.9	F=0-59.9

3. Additional information regarding evaluation:

- a. **Homework:** Homework assignments typically will consist of either: (1) group-based qualitative discussion questions or (2) quantitative problems. **You are responsible for all homework assignments – even if you are not present in class. Late homework will not be accepted** as we will discuss or review all assignments in class the day they are due. The specific homework assignments and related due date/time for each assignment will be posted via Canvas. Submit only your own original work for homework, or you will receive **no credit** for homework assignments if the work is not your own. Homework that includes quantitative problems **must be done in Excel and must include all work and supporting calculations** for credit.
- b. **Case Summaries:** Case summaries for each assigned case are to be prepared based upon questions relating to such cases provided by the instructor. The specific case assignments and related questions, as well as the due date/time for each case summary will be posted via Canvas. Case summaries are to be approximately 3 pages (APA format) in length, **plus** any necessary supporting calculations. **Late case summaries will not be accepted** as we will discuss all cases in class the day case summaries are due. Case summaries will be completed individually or in groups as instructed and approved by the instructor. A thorough reading and analysis of each case is required to prepare the case summaries and to prepare you for your required contribution to case discussions that will occur for each case during class (see class participation below). **Your Case Summary grade will be based on both your case summaries and your participation in case study discussions. Your participation in case study discussions will also impact your Participation grade.**
- c. **Finance Exit Exam (Finance Majors and Dual Finance Plus Other Majors Only):** All Finance Majors, or dual Finance plus other Majors, are required to take the Finance Exit Exam. Students will have a choice to take the exam on **either Friday Date TBD from 2:00pm to 4:00pm or Saturday Date TBD from 9:00am to 11:00am**. Students required to take the Finance Exit Exam are **not** required to attend class on Tuesday 4/23/24. Additional information regarding the exam will be provided via a separate document in Canvas and/or e-mail.
- d. **Mergers & Acquisitions Case/HW/Project (All Other Majors not described in item “c” above):** All Other Majors (who will **not** be taking the Finance Exit Exam) are required to read Chapter 11 Mergers & Acquisitions and complete a related case study, homework assignment and small project. Additional information regarding the Mergers & Acquisition Case, Homework and Project will be provided via a separate document in Canvas.
- e. **Class Participation:** The success of the course will be impacted by the quality of your **daily** participation. Class participation will be based upon your contributions to discussions, **including the case studies**, textbook readings and homework. Class participation will also include your contribution to small group activities and discussions. Finally, class participation will also be based upon your attendance – please see the class policy regarding attendance below.
- f. **Exams:** The exams may include problems **and** essay-type questions based on text material, class discussions, homework assignments and case studies. See the Tentative Schedule for exam dates. Every student is to be present for exams at the scheduled times. **No makeup exams will be given without PRIOR permission.** I will provide a makeup exam only for absences officially excused by the university Provost or for emergencies completely beyond a student's control, such as a documented illness or injury. You must coordinate any conflict with one of these exams with me as soon as you discover it, preferably not later than 48 hours prior to the exam. A make-up exam will be different from the original examination and the points available for a make-up exam may be less than the original points available.
- g. **Final Project:** A final project will be completed as part of the class. The project will consist of preparing a research report on an assigned public company. Such final project will be completed on a group basis. Additional detailed information regarding the final project, will be provided via a separate document in Canvas and/or e-mail. Successful completion of this class requires completing the final project by its scheduled final exam day. No requests for early examinations or alternative days will be approved.

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PLNU and Course Policies:

1. **Professionalism:** Students are expected to hold the highest levels of professionalism including integrity and honesty, technical competence, respectfulness, punctuality, and mature leadership. Exemplary behavior is expected in the classroom.
2. **PLNU Attendance and Participation Policy:** Regular and punctual attendance at all class sessions is considered essential to optimum academic achievement. If the student is absent for more than 10 percent of class sessions, the faculty member will issue a written warning of de-enrollment. If the absences exceed 20 percent, the student may be de-enrolled without notice until the university withdrawal date or, after that date, receive an “F” grade. Leaving early or arriving late for class sessions counts as a partial absence. For example, arriving late by 1-15 minutes will be treated as 1/3 absence. Additionally, PLNU counts all absences unexcused except for University sanctioned activities. All illnesses, emergencies, etc. (even with a doctor’s note) are considered unexcused.
3. **Use of Technology:** In order to be successful in your course, you’ll need to meet the minimum technology and system requirements; please refer to the [Technology and System Requirements](#) information. Additionally, students are required to have headphone speakers, microphone, or webcams compatible with their computer available to use for any online or hybrid classes. Please note that any course with online proctored exams require a computer with a camera (tablets are not compatible) to complete exams online. Problems with technology do not relieve you of the responsibility of participating, turning in your assignments, or completing your class work.
4. **Artificial Intelligence (AI) Policy:** You are allowed to use Artificial Intelligence (AI) tools (e.g, ChatGPT) to help structure homework problem solutions, but you are not allowed to use AI tools on any exams, case study summaries or the finance ethics paper. If you have any doubts about using AI, please gain permission from the instructor.
5. **PLNU Academic Honesty Policy:** Students should demonstrate academic honesty by doing original work and by giving appropriate credit to the ideas of others. Academic dishonesty is the act of presenting information, ideas, and/or concepts as one’s own when in reality they are the results of another person’s creativity and effort. A faculty member who believes a situation involving academic dishonesty has been detected may assign a failing grade for that assignment or examination, or, depending on the seriousness of the offense, for the course. Faculty should follow and students may appeal using the procedure in the university Catalog. See [Academic Policies](#) for definitions of kinds of academic dishonesty and for further policy information.
6. **Dropping the Course:** It is the student’s responsibility to maintain his/her class schedule. Should the need arise to drop this course (personal emergencies, poor performance, etc.), the student has the responsibility to follow through (provided the drop date meets the stated calendar deadline established by the university), not the instructor. Simply ceasing to attend this course or failing to follow through to arrange for a change of registration (drop/add) may easily result in a grade of F on the official transcript.
7. **PLNU Academic Accommodations Policy:** PLNU is committed to providing equal opportunity for participation in all its programs, services, and activities. Students with disabilities may request course-related accommodations by contacting the EAC, located in the Bond Academic Center (EAC@pointloma.edu or 619-849-2486). Once a student’s eligibility for an accommodation has been determined, the EAC will issue an academic accommodation plan (“AP”) to all faculty who teach courses in which the student is enrolled each semester. PLNU highly recommends that students speak with their professors during the first two weeks of each semester/term about the implementation of their AP in that particular course and/or if they do not wish to utilize some or all of the elements of their AP in that course. Students who need accommodations for a disability should contact the EAC as early as possible (i.e., ideally before the beginning of the semester) to assure appropriate accommodations can be provided. It is the student’s responsibility to make the first contact with the EAC.
8. **Schedule and Other Changes:** The information in this syllabus is subject to change. Any such changes will be announced in class and/or communicated via Canvas or e-mail.
9. **Canvas and e-mail:** Assignments, announcements, changes to this syllabus and other communication from the instructor, from time to time, may be made via Canvas and/or the student’s PLNU e-mail address. Students are required to review their Canvas and PLNU e-mail daily.
10. **Mobile phones and Other Mobile Devices** The use of mobile phones, including phone calls, texting or other purposes, is not allowed in the classroom during class meetings or examinations. Please keep mobile phones turned-off and out of sight. The classroom use of PC’s/tablets should only be for class-related work and not for social media or any other non-class purposes.
11. **Video or audio recording during class:** No video or audio recording of the instructor or guest speakers is allowed in class under any circumstances without the explicit written permission of the instructor and/or guest speaker.
12. **FERPA Policy:** In compliance with federal law, neither PLNU student ID nor social security number should be used in publicly posted grades or returned sets of assignments without student written permission. This class will meet the federal requirements by distributing all grades and papers individually. Also, in compliance with FERPA, you will be the only person given information about your progress in this class unless you have designated others to receive it in the “Information Release” section of the student portal. See [Policy Statements](#) in the (undergrad/ graduate as appropriate) academic catalog.
13. **Final Examination Policy:** Successful completion of this class requires taking the final examination on its scheduled day. The final examination schedule is posted on the [Class Schedules](#) site. If you find yourself scheduled for three (3) or more final examinations on the same day, you are authorized to contact each professor to arrange a different time for one of those exams. However, unless you have three (3) or more exams on the same day, no requests for alternative final examinations will be granted.
14. **PLNU Copyright Policy:** Point Loma Nazarene University, as a non-profit educational institution, is entitled by law to use materials protected by the US Copyright Act for classroom education. Any use of those materials outside the class may violate the law.

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Tentative Schedule:

WEEK #	DATE	CHAPTER	TOPIC
1	T – 1/9 R – 1/11	Intro 1	Course Introduction Framework for Business Analysis and Valuation – Discussion
2	T – 1/16 R – 1/18	1 2	Framework for Business Analysis and Valuation – CASE Business Analysis and Valuation Tools – Discussion
3	T – 1/23 R – 1/25	No Class 2	Overview of F/S Analysis Mechanics – Reading & Responses Business Analysis and Valuation Tools –CASE
4	T – 1/30 R – 2/1	3	Overview of Accounting Analysis – Discussion & CASE
5	T – 2/6 R – 2/8	4	Implementing Accounting Analysis – Discussion & CASE
6	T – 2/13 R – 2/15	5	Financial Analysis – Discussion & CASE
7	T – 2/20 R – 2/22	CH 1 - 5 6	Exam 1 Prospective Analysis: Forecasting - Discussion
8	T – 2/27 R – 2/29	6 Final Project	Prospective Analysis: Forecasting - CASE Introduce Final Project
	T – 3/5 R – 3/7	No Class	Spring Break
9	T – 3/12 R – 3/14	7	Prospective Analysis: Valuation Theory and Concepts – Discussion & CASE
10	T – 3/19 R – 3/21	Final Project 8	Final Project Class Discussion #1 Prospective Analysis: Valuation Implementation – Discussion
11	T – 3/26 R – 3/28	8 No Class	Prospective Analysis: Valuation Implementation – Discussion Holiday - Easter
12	T – 4/2 R – 4/4	8 CH 6 – 8	Prospective Analysis: Valuation Implementation – CASE Exam 2
13	T – 4/9 R – 4/11	Final Project 9	Final Project Class Discussion #2 Equity Security Analysis – Discussion
14	T – 4/16 R – 4/18	Final Project Final Project	Final Project Class Discussion #3 Final Project Class Discussion #4
15	T – 4/23 R – 4/25	11 Final Project	Mergers & Acquisitions (Excludes students taking Finance Exit Exam*) Final Project Class Discussion #5
16	F – 5/3	Final Project	Final Project Report Due

* FIN 4025 / ACC 4025 Students who are either Finance Majors, or dual Finance plus other Majors, will not attend class on 4/24/23, rather they will take the Finance Exit Exam on either Friday **Date TBD** from 2:00pm to 4:00pm or Saturday **Date TBD** from 9:00am to 11:00am.