GHOSH MBAD 7090 (U91) | FINANCIAL STATEMENT ANALYSIS AND EQUITY VALUATION | 3 credits

Faculty: Dr. Al Ghosh
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Office: Friday 349A
Phone: 704-687-7634
Office Hours: Wednesday, 4.30 PM to 5:15 PM (Dubois Center Room 718)

Online WebEx Links
- https://belkcollege.uncc.edu/directory/al-aloke-ghosh
- https://belkcollege.uncc.edu/faces/al-ghosh
- www.alokeghosh.com

My preferred method of contact is by email. I will respond to all emailed questions within 24 hours Mon-Fri. I may not respond to emails over the weekend.

Course Description:

The objective of this course is to provide a framework for analyzing a firm’s performance, for understanding a company’s risk, and for valuing equity based on publicly disclosed financial information. The course integrates key concepts from financial reporting (mostly intermediate), corporate finance, economics, business strategy and applies them to financial decision-making. A key element of the course is to provide a deeper understanding of the numbers presented in the financial statements and the information embedded in the notes.

Because any analysis of financial statements presumes sophisticated understanding of financial reporting under Generally Accepted Accounting Practices (GAAP), we will consider accepted and proposed reporting practices for various business transactions allowable under US GAAP and in some instances IFRS. The course also helps participants understand how managers’ exercise their discretion in the application of the accounting rules and regulations, which may or may not be in the best interest of the stakeholders’ of the company.

Meeting Times:

Wednesdays, 5.30 PM to 8.15 PM (U91)
Course Objectives:

The course will focus on a collection of advanced topics in financial reporting, corporate finance and valuation methods. The topics will include relatively complex financial accounting concepts and practices. An additional goal is to further develop your thinking about how financial reporting impacts valuation of equity.

Required Materials:

Textbook
- *Financial Statement Analysis and Equity Valuation*
  - By Easton, McAnally, Summers (Cambridge Business Publisher)

- The textbook comes with an access code for MyBusinessCourse (Cambridge Business Publisher), please register for my course at the following website:

Requirements
- You are required to bring your textbook to every class
- You will need a financial calculator for this course, which you must bring to every class. It is highly recommended that you acquire the BA II PLUS Professional calculator manufactured by Texas Instrument

Course Format and Expectations:

In-Class Activities (Face-to-Face)
Students attend a face-to-face class once a week. Students are expected to read the material before coming to class. The face-to-face class includes a lecture, applications, discussion, and problem-solving. Occasionally, we will have review sessions or project discussions. Some topics will be covered in much greater detail in class than that offered by the readings. You may use class time to ask relevant questions.

Canvas
Students are required to register their e-mail addresses on Canvas, and to monitor Canvas every day for announcements, assignments, and messages about this course. The reading and homework assignments should be completed by the date indicated on Canvas.

Professionalism
I encourage your active participation in class discussions. Each of us may have strongly differing opinions on the various topics of class discussions. I will exercise my responsibility to manage the discussions so that ideas and argument can proceed in an orderly fashion. If your conduct during class discussions seriously disrupts the atmosphere of mutual respect, you will not be permitted to participate further.

Our class mimics a professional environment. Therefore, in class you must:
• Not use any electronics items (e.g., cell phones, i-pads and laptops)
• Keep your cell phone in your bag (or pocket) at all times
• Avoid arriving late or leaving before class ends (unless you acquire prior permission)
• Avoid excessive absences
• Avoid disrupting the class because you must be excused
• Avoid talking with fellow students.

Any violation of any of these strictures may result in deduction of up to 5 points and the matter may be reported to the administration.

Pre- and Post-Class Activities (Online)
You will do your best and get the most from this course if you prepare well and read the assigned materials before class. You are responsible for working independently online to complete all assigned activities and discussions in Canvas by the due dates (as applicable). Online activities will range from the following:

1. **PPTs**
   PowerPoint slides will be posted prior to each week to cover the topics for that particular week.

2. **Online Quizzes**
   There will be online quizzes. You will be given an adequate amount of time on the exam day to access the exam but once you begin, exams are timed and need to be completed within the prescribed time limit.

3. **Project**
   There is a group project requirement to be completed as a group (3-4 members).

4. **Exams**
   There is one in-class comprehensive final exam.

**Grading Criteria:**

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<thead>
<tr>
<th>Course Element</th>
<th>Percentage</th>
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<tr>
<td>Online Quizzes</td>
<td>25%</td>
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<td>Professionalism</td>
<td>5%</td>
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<td>Project</td>
<td>20%</td>
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<td>Final Exam**</td>
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<td>Total</td>
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**In-class exams are closed book examinations. When taking the exam, you will be signing an academic integrity pledge that
- You will not seek any help from any of your colleagues or provide any help
- You will not leave the classroom during the exam
- You will not talk at any time or pass notes to any colleagues
- You will not be involved in dishonesty acts including cheating, forgery, plagiarism and collusion
- Seating is randomly assigned for the two in-class exams.**
Grading Scale:

A  100.0% to  85.0%
B  < 85.0% to  70.0%
C  < 70.0% to  60.0%
F  < 60.0% to  0.0%

General Course Policies:

Recording in the Classroom
Electronic video, image capture, or audio recording are permitted during class, whether conducted in person or online, unless the student obtains permission from the instructor.

Sexual Harassment in Web-Based or Web-Assisted Courses
All students are required to abide by the UNC Sexual Harassment Policy and the policy on Responsible Use of University Computing and Electronic Communication Resources. Sexual harassment, as defined in the UNC Charlotte Sexual Harassment Policy, is prohibited, even when carried out through computers or other electronic communications systems, including course-based chat rooms or message boards.

Attendance
Students are expected to attend every class and remain in class for the duration of the session when it is safe to do so in accordance with university guidance regarding COVID-19. Failure to attend class or arriving late may impact your ability to achieve course objectives which could affect your course grade. An absence, excused or unexcused, does not relieve a student of any course requirement. Any unexcused absence or excessive tardiness may result in a loss of participation points.

Students are encouraged to work directly with their instructors regarding their absence(s). For absences related to COVID-19, please adhere to the following:

- **Do not come to class if you are sick.** Please protect your health and the health of others by staying home. Contact your healthcare provider if you believe you are ill.

To return to class after being absent due to a COVID-19 diagnosis or due to a period of self-quarantine, students should submit an online request form to Student Assistance and Support Services (SASS). Supporting documentation can be attached directly to the request form and should be from a student's health care provider or the Student Health Center, clearly indicating the dates of absences and the date the student is able to return to class. Instructors will be notified of such absences.

Syllabus Revision
The standards and requirements set forth in this syllabus may be modified at any time by the course instructor. Notice of such changes will be by announcement in class and posted on Canvas.

Late Work and Make-Ups
- There are no provisions for make-up exams.
Assignments that are submitted late or not submitted will receive zero points.

**Academic Integrity**
All students are required to read and abide by the Code of Student Academic Integrity. Violations of the Code of Student Academic Integrity, including plagiarism, will result in disciplinary action as provided in the Code. Definitions and examples of plagiarism are set forth in the Code. The Code is available from the Dean of Students Office or online. Faculty may ask students to produce identification at examinations and may require students to demonstrate that graded assignments completed outside of class are their own work.

**Title IX**
UNC Charlotte is committed to providing an environment free of all forms of discrimination and sexual harassment, including sexual assault, domestic violence, dating violence, and stalking. If you (or someone you know) has experienced or experiences any of these incidents, know that you are not alone. UNC Charlotte has staff members trained to support you in navigating campus life, accessing health and counseling services, providing academic and housing accommodations, helping with legal protective orders, and more.

Please be aware that many UNC Charlotte employees, including all faculty members, are considered Responsible Employees who are required to relay any information or reports of sexual misconduct they receive to the Title IX Coordinator. This means that if you tell me about a situation involving sexual harassment, sexual assault, dating violence, domestic violence, or stalking, I must report the information to the Title IX Coordinator. Although I have to report the situation, you will still have options about how your case will be handled, including whether or not you wish to pursue a formal complaint. Our goal is to make sure you are aware of the range of options available to you and have access to the resources you need.

**Withdrawals**
Students are expected to complete all courses for which they are registered at the close of the add/drop period. If you are concerned about your ability to succeed in this course, it is important to make an appointment to speak with me as soon as possible. The University policy on withdrawal allows students only a limited number of opportunities available to withdraw from courses. It is important for you to understand the financial and academic consequences that may result from course withdrawal.
# FINANCIAL STATEMENT ANALYSIS AND EQUITY VALUATION (MBAD7090)

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Notes</th>
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<tr>
<td></td>
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<td>• Balance sheet analysis</td>
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<td>• Income statement analysis</td>
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<tr>
<td><strong>(2)</strong></td>
<td><strong>September 1</strong> Chapter 2</td>
<td>Review of Financial Statements</td>
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<td>• Stockholders’ equity analysis</td>
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<td>• Cash flow statement analysis</td>
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<td>• Articulation of financial statements</td>
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<td>• Forms 10-K, 20-F, 40-F, and 8-K</td>
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<td>• Skip pp. 2-22 to 2-32 (accounting cycle)</td>
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<td>• Suggested problems</td>
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<td>• E38-40, P46, P48-50, P57</td>
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<td><strong>(3)</strong></td>
<td><strong>September 8</strong> Chapter 3</td>
<td>Profitability Analysis and Interpretation</td>
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<td>• ROE, ROA, DuPont Analysis</td>
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<td>• Disaggregation</td>
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<td>• Suggested problems</td>
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<td>• P44-45, P47, P53-54, P57</td>
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<td><strong>(4)</strong></td>
<td><strong>September 15</strong> Chapter 3</td>
<td>Profitability Analysis and Interpretation</td>
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<td>• Income statement analysis with operating focus</td>
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<td>• Vertical and horizontal analysis</td>
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<td><strong>(5)</strong></td>
<td><strong>September 22</strong> Chapter 4</td>
<td>Credit Risk Analysis and Interpretation</td>
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<td>• Market for credit</td>
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<td>• Credit risk analysis</td>
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<td>• Measuring credit risk</td>
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<td>• Credit ratings</td>
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<td>• Predicting bankruptcy risk</td>
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<td>• Suggested problems</td>
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<td>• P31, P33, P36-37, P48-50, P57</td>
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<td><strong>(6)</strong></td>
<td><strong>September 29</strong> Chapter 5</td>
<td>Revenue Recognition</td>
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<tr>
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<td>• Analyzing revenues</td>
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<td>• Analyzing sales allowance</td>
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<td>• Analyzing unearned revenues</td>
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October 6  Chapter 5
Operating Income
- Analyzing accounts receivable
- Analyzing expenses and losses
- Pro-forma income reporting
- Suggested problems

October 13  Chapter 6
Asset Recognition
- Analyzing inventory—tools
- Analyzing PPE
- Suggested problems
  - E26, E28, E34, E37-38, E40, P43-44, P48-50, P57

October 20  Chapter 6
Asset Recognition and Operating Assets
- Analyzing assets sales/impairments, restructuring charges
- Analyzing PPE

November 3  Last day to drop classes

October 27  Chapter 7
Liability Recognition
- Accrued liabilities
- Analyzing short term debt
- Analyzing long term debt

November 3  Chapter 7
Liability Recognition and Non-Owner Financing
- Analyzing credit quality
- Amortization of debt
- Introduce Chapter 8
- Suggested problems

November 10  Chapter 8
Equity Financing and Owner Financing
- Analyzing stockholders’ equity
- Analyzing stock transactions
- Analyzing stock-based compensation
- Analyzing AOCI
- Suggested problems
(13) **November 17**  Chapter 13

*Cash Flow Valuation*
- Equity valuation models
- Discounted cash flow model
- Residual income model
- *Suggested problems*
  - E10, E13, P14, P48-50, P57

(14) **December 1**  Chapter 15

*Market Valuation*
- Valuation models
- *Suggested problems*
  - E22, E24, E26-27, P35-36, P42-43

(15) **December 8**  Appendix C

*Comprehensive Case*
- *Project due date*

December 8  Last day of classes
December 9  Reading day

**December 15**  FINALS