

BUSI 535, Financial Statement Analysis & Valuation, Syllabus (3 credits)

COURSE DESCRIPTION

Students integrate concepts from accounting, economics, finance, and business strategy to evaluate financial statements and value firms. In doing so, they quantitatively evaluate firm strategies, forecast financial statements, and apply sensitivity analysis techniques. The course utilizes business case studies from professional literature, along with appropriate technologies, to enable students to practice various analysis and valuation techniques. Prerequisite: BUSI 520 Quantitative Analysis for Decision-Making.

REQUIRED TEXTS & RESOURCES

Wahlen, J. M., Baginski, S. P., & Bradshaw, M. T. (2015). *Financial reporting, financial statement analysis, and valuation: A strategic perspective*. Boston, MA: Cengage Learning. ISBN: 978-1-285-19090-7

NOTE: The Point University Bookstore may offer this textbook (s) in other formats. Information can found at www.pointuniversityshop.com.

COURSE SCHEDULE

Each course begins on a Wednesday with a Getting Started module before moving into the week 1-7 content. The introduce yourself forum is required during the Getting Started module in order to be counted present during this half-week of instruction. The introduce yourself forum is open from the start of the course to the first Sunday. All posts are due by Sunday at 11:59 p.m. Participation is required to be marked present for this time period. Keep in mind that in future weeks, forum due dates may be different.

Unless stated otherwise, graded assignments are due on the last day of the course week (Sunday). <http://point.edu/course-schedules/>

Learning Activities	Graded Assignments	
Week 1	Unit 1: Overview of Financial Reporting & Valuation	
	Read Wahlen Chapters 1 Overview of Financial Reporting, Financial Statement Analysis and Valuation (p. 1-57) and Chapter 2 Asset and Liability Valuation and Income Recognition (p. 93-134).	N/A
	Chapter Videos: Financial Statement Analysis & Valuation	N/A
	Welcome Discussion	N/A
	Power Point Chapters 1 & 2	N/A
	Discussion Forum 1: Business Strategy & Common Size Income Statements	Initial Post due Week 1 Day 4 (Thursday) & Response to

		Peer Week 1 Day 7 (Sunday)
	Wahlen: Integrative Case Study 1.1 Starbucks (p. 69-78) Financial Statement Concepts & Analysis	Week 1 Day 6 (Saturday)
	Wahlen: Integrative Case Study 2.1 Starbucks (p. 145-146) Income Tax Disclosures	Week 1 Day 6 (Saturday)
	Quiz Chapter 1 & 2	Week 1 Day 7 (Sunday)
Week 2	Unit 2: Statement of Cash Flows & Profitability Analysis	
	Read Wahlen Chapter 3 Income Flows vs. Cash Flows: Understanding the Statement of Cash Flow (p. 147-196) and Chapter 4 Profitability Analysis (p.241-298)	N/A
	Chapter Videos: Cash Flows & Profitability Analysis	N/A
	Power Point Chapters 3 & 4	N/A
	Discussion Forum: Income vs. Cash Flows	Initial Post due Week 1 Day 4 (Thursday) & Response to Peer Week 1 Day 7 (Sunday)
	Wahlen: Integrative Case Study 3.1 Starbucks Statement of Cash Flows & EBITDA	Week 1 Day 6 (Saturday)
	Wahlen: Integrative Case Study 4.1 Starbucks Profitability ratios	Week 1 Day 6 (Saturday)
	Quiz Chapters 3 & 4	Week 1 Day 7 (Sunday)
Week 3	Unit 3: Risk Analysis & Financing Activities	
	Read Wahlen Chapter 5 Risk Analysis (p.335-383) and Chapter 7 Financing Activities (p.511-567)	N/A
	Chapter Videos: Risk Analysis, Debt Financing & Financial Reporting Manipulation	N/A
	Power Point Chapters 5 & 7	N/A
	Discussion Forum: Risk Analysis of Financial Reporting Manipulations	Initial Post due Week 1 Day 4 (Thursday) & Response to Peer Week 1 Day 7 (Sunday)
	Wahlen: Integrative Case Study 5.1 Starbucks Risk Ratio Interpretations	Week 1 Day 6 (Saturday)

	Wahlen: Integrative Case Study 7.1 Starbucks Debt Ratios	Week 1 Day 6 (Saturday)
	Quiz Chapter 5 & 7	Week 1 Day 7 (Sunday)
Week 4	Unit 4: Investing Activities	
	Read Wahlen Chapter 8 Investing Activities (p. 591-656)	N/A
	Chapter Videos: Investing Activities	N/A
	Power Point Chapter 8	N/A
	Discussion Forum: Relation of Book Value vs. Market Value	Initial Post due Week 1 Day 4 (Thursday) & Response to Peer Week 1 Day 7 (Sunday)
	Wahlen: Integrative Case Study 8.1 Starbucks Evaluating Accounting Policy of Investing Activities	Week 1 Day 6 (Saturday)
	Financial Valuation Project Milestone 1 Economic Characteristics, Industry & Firm Analysis	Week 1 Day 7 (Sunday)
	Quiz Chapter 8	Week 1 Day 7 (Sunday)
Week 5	Unit 5: Operating Activities & Forecasting Financial Statements	
	Read Wahlen Chapter 9 Operating Activities (p. 681-736) & Chapter 10 Forecasting Financial Statements (p. 761-829)	N/A
	Chapter Videos: Operating Activities	N/A
	Power Point Chapters 9 & 10	N/A
	Discussion Forum: Revenue & Expense Recognition	Initial Post due Week 1 Day 4 (Thursday) & Response to Peer Week 1 Day 7 (Sunday)
	Wahlen: Integrative Case Study 9.1 Starbucks Retail Transaction Revenue	Week 1 Day 6 (Saturday)
	Wahlen: Integrative Case Study 10.1 Starbucks Forecast Financial Statements	Week 1 Day 6 (Saturday)
	Financial Valuation Project Milestone 2 Ratio Analysis	Week 1 Day 7 (Sunday)
	Quiz Chapters 9 & 10	Week 1 Day 7 (Sunday)
Week 6	Unit 6: Accounting Quality & Dividends Valuation Approach	

	Read Wahlen Chapter 6 Accounting Quality (p. 415-471), Chapter 11 Risk-Adjusted Expected Rates of Return and the Dividends Valuation Approach (p.859-897) and Chapter 12Valuation: Cash Flow Based Approaches (p.905-935)	N/A
	Chapter Videos: Valuation & Accounting Quality	N/A
	Power Point Chapters 6, 11, & 12	N/A
	Discussion Forum: Valuation Approaches	Initial Post due Week 1 Day 4 (Thursday) & Response to Peer Week 1 Day 7 (Sunday)
	Wahlen: Integrative Case Study 6.1 Starbucks Accounting Quality	Week 1 Day 6 (Saturday)
	Wahlen: Integrative Case Study 11.1 Cost of Equity Capital	Week 1 Day 6 (Saturday)
	Wahlen: Integrative Case Study 12.1 Present Value Free Cash Flow Valuation	Week 1 Day 6 (Saturday)
	Quiz Chapter 6, 11, & 12	Week 1 Day 7 (Sunday)
Week 7	Unit 7: Earnings & Market Based Valuations	
	Read Wahlen Chapter 13 Valuation: Earnings Based Approach (p. 967-995) and Chapter 14 Valuation: Market Based Approaches (p. 1005-1048)	N/A
	Chapter Videos: Earnings & Market Based Valuations	N/A
	Power Point Chapters 13 & 14	N/A
	Discussion Forum: Earnings Based vs. Market Based Valuation Approach	Initial Post due Week 1 Day 4 (Thursday) & Response to Peer Week 1 Day 7 (Sunday)
	Wahlen: Integrative Case Study 13.1 Starbucks Residual Income Valuation	Week 1 Day 6 (Saturday)
	Wahlen: Integrative Case Study 14.1 Value to book & Value-earning	Week 1 Day 6 (Saturday)
	Financial Valuation Project Milestone Forecasted Financial Statements	Week 1 Day 7 (Sunday)
	Quiz Chapters 13 & 14	Week 1 Day 7 (Sunday)

GRADING POLICIES

Course Evaluation Plan

An assessment instrument (checklist, rubric, quiz, etc.) will accompany each major graded assignment. See the instructions for specific assignment criteria and accompanying grading instruments.

Points Distribution

Graded assignments will be distributed as follows:

Graded Assignments	Points Possible
Discussion Forum (7 x 40 pts)	280
Chapter Quizzes (7 x 20 pts)	140
Integrative Case Studies (14 x 40 pts)	560
Financial Valuation Project (3 milestones x 100 pts)	300
Total Points:	1280

Final Grades

The following scale will be used when calculating final grades:

A	90-100%	D	60-69%
B	80-89%	F	0-59%
C	70-79%		

Final grades will be posted according to the Academic Calendar:

<http://point.edu/academic-calendar/>

COURSE LEARNING GOALS & OBJECTIVES

TIME REQUIREMENTS & COMMITMENTS

This course is 3 credit hours. Regarding time on task, students can expect to spend approximately 16 hours per week for an undergraduate course.

COURSE GOALS AND OBJECTIVES		Program Objective(s)
Goal 1: Prepare students to apply several valuation models utilizing the firm's financial statements.		
	Objective 1.1: Students effectively apply the asset and liability valuation approach.	5.1
	Objective 1.2: Students calculate and analyze the revenue recognition valuation approach.	5.1
	Objective 1.3: Students calculate and analyze the dividend valuation approach.	5.1
	Objective 1.4: Students evaluate various value analysis methods to calculate the organization's valuation.	5.1

Goal 2: Prepare students to execute various data analytical techniques in evaluating the financial statements.		
	Objective 2.1: Students identify the benefits and limitations of each technique.	5.2
	Objective 2.2: Students analyze and assess risks associated with the financial health of the organization.	5.2
	Objective 2.3: Students evaluate ratio analysis techniques and guide the interpretation of financial statement reporting.	5.2
	Objective 2.4: Students explain and prepare sensitivity analysis.	5.2
Goal 3: Prepare students to build and assess the quality of the financial statements.		
	Objective 3.1: Students identify the appropriate analytical tools for quality assessment.	5.1
	Objective 3.2: Students analyze the quality of the financial information through various methods.	5.2
	Objective 3.3: Students differentiate and evaluate several valuation methods.	5.1 5.2
	Objective 3.4: Students construct valuations for organizations by way of the financial statements using several models.	5.1 5.2
Goal 4: Prepare students to use finance principles with the statement of cash flow to uncover and evaluate financial performance.		
	Objective 4.1: Students utilize the revenue and expense and revenue recognition principles for operating activities.	5.1 5.2
	Objective 4.2: Students apply financial metrics to accurately evaluate investing activities.	5.1 5.2
	Objective 4.3: Students interpret financing activities.	5.1 5.2
	Objective 4.4: Students deduce the relationship between the statement of cash flows and other financial statements.	5.1
Goal 5: Prepare students to perform financial statement analysis in a project report.		
	Objective 5.1 Students effectively develop a financial statement analysis to perform real world analysis.	5.1 5.2
	Objective 5.2 Students create charts, graphs and visuals to support the financial analysis report.	5.1 5.2
	Objective 5.3 Student formulate forecasted financial statements and value for the firm.	5.1 5.2
	Objective 5.4 Students effectively communicate their analysis and assessment of the firm in a written report.	5.1 5.2
	Objective 5.5 Students analyze financial information from several real-world case studies.	5.1 5.2
	Objective 5.6 Students calculate, present, and interpret the valuation of the firm from the case studies.	5.1, 5.2

DISABILITY SERVICES

Point University is committed to providing qualified students with disabilities an equal opportunity to access a Point education through the provision of reasonable and appropriate accommodations and support services. Accordingly, Point complies with Title IX (<https://point.edu/title-ix>) of the Educational Amendments of 1972 and the subsequent reauthorization of that act, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990 and subsequent amendments to that act. For more information about Disability Support Services, see the “Consumer Information” section of the website (<http://point.edu/disclosures>) and the “Student Services” section of this catalog, or contact the Director of Disability Services and College Section 504 Coordinator, at disability.services@point.edu.

COURSE EXPECTATIONS

Attendance

A student is expected to actively participate in each week of the class in which he or she is enrolled. Active participation each academic week includes submitting classwork in one or more of the following activities within the course during the week they are due: discussion forums, assignments such as (but not limited to) projects, papers, presentations, case studies, quizzes, or exams. Students may be absent up to 25% of the class. After absences exceed 25% of the session or term’s total – in either consecutive or cumulative days – the student will be withdrawn from the class roster and assigned a grade on the basis of work completed at the time of withdrawal unless, because of exceptional circumstances, prior arrangements have been made with the professor and the Chief Academic Officer.

Students representing the university, such as student-athletes, remain responsible for submitting work online within the week it is due to be counted present. No student will be disadvantaged while representing the university. However, the responsibility is on the student to notify faculty no later than one week before missing class for any reason, to ensure time for content to be made available to them and for make-up work to be considered and arranged. It is expected that students will limit their absences outside of these required absences, as they will be dropped if they overcut the allowed number of absences.

The full attendance policy is found in the catalog (<https://point.edu/catalogs/>).

Etiquette & Netiquette

Students are expected to be respectful and well-mannered towards the instructor and their peers, whether in the physical classroom or the online course site. For guidance on meeting this expectation, particularly in the online environment, please see the materials provided during student orientation or reach out to advising.center@point.edu.

Policies

For academic policies governing attendance, late assignments, and student support, please refer to the Academic Catalog directly (<https://point.edu/catalogs/>).

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