

University of Georgia, Terry College of Business
Department of Banking and Finance

FINA 4200v: Valuation and Financial Statement Analysis: *Spring 2009*

TTh, 11:00am-12:15pm, SLC 214

Professor James S. Linck

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Office Hours: Tentatively Tues/Wed: 2:30-4:00pm, and by appointment.

Virtual Office Hours (online): By appointment.

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Academic Honesty

Honesty is a fundamental principle of academic, business and community life. Students are expected to demonstrate the highest degree of honesty in performing their assigned work. Matters that are unclear should be discussed with the professor. Students are expected to adhere to UGA's Academic Honesty Policy, which can be viewed on the web [here](#).

Office Hours

I will be in my UGA office during the regular office hours listed above unless noted/posted otherwise. We may also schedule virtual (online) office hours as necessary (general office hours, group consultations, etc.). While drop-ins are also welcome, it's safer to schedule an appointment to ensure I will be in my office when you need me. In addition, you can contact me at any time via email or phone. I respond to e-mails promptly.

E-mail

My e-mail is protected by a spam filter. It is not perfect. While this has only rarely caused problems, if I do not respond to an e-mail for which you expected a response, please give me a call or try it again. In general, I find e-mail a very efficient communication tool. Indeed, I'm typically better at monitoring my e-mail than my voice mail, particularly when I travel. However, lengthy *discussions* are generally best handled on the phone, face to face or with the aid of some online tool. E-mail is better suited for short, specific questions and comments. *Note:* Please always include a clear subject in all your e-mails, and also keep our prior e-mail conversation when replying -- that is, make sure your e-mail program is set up to keep the content of the original e-mail when you reply.

Course Description/Objectives/Structure

The course will focus on financial statement analysis and valuation. The idea is to build upon what you've learned in previous courses, better understand how to read and interpret financial statements, and understand and practice fundamental valuation.

The course will be composed of lectures, class discussion, problem solving, cases and projects, including at least one term-long project. Students are encouraged to introduce current (relevant) topics that have been gathered through your regular reading of the business press such as the [Wall Street Journal](#), and relevant material from your work experiences. We will incorporate and stress the practical application of these topics to real-life issues, without sacrificing the theoretical rigor that will enable you to better apply what you've learned in a variety of situations. Note that this is a new course, developed by myself and Dr. Annette Poulsen, and will

be substantially different than the other FINA 4200 courses that the department currently offers. For our purposes, I will generally refer to it as "FINA 4200v" or "FINA 4200 - Valuation and Financial Statement Analysis", or something similar. The course will be quite rigorous, very demanding and requires a bit more material (which may cost a bit more) than a typical course. If you are unsure whether or not you are ready to take this course, please see the department's academic advisor, Cheryl Stansky. If you are trying to get into this course, but it is currently full, attend the class as if you are in it through the drop/add period. If you later get into the course, you do not want to be behind.

This course assumes that you have a solid understanding of the pre-requisite courses, particularly the core accounting and finance courses. The pace of the course is very fast and the material is challenging, so it is important that you keep up. You will have regular weekly assignments as well as several longer-term projects that you will need to work on each week. In addition, I recommend that you read through the relevant material and attempt the related problems/analyses *before* coming to class - i.e., attend classes prepared and *do not fall behind*. If you fall behind, you will very likely come to regret it.

For more details on the course's content, please see the course [web site](#), focusing on the (tentative) weekly schedule. The course syllabus and tentative weekly schedule represent a general plan for the course; deviations will be posted to the course web site and/or announced in class. It is your responsibility to be aware of all changes announced in class or on the WebCT website. Also, please scan the full weekly schedule by the first day of class -- there are several required sessions during the semester where we will meet at a different time and place other than is our standard class time/place. You need to get these on your calendar right away.

Course Materials

- Textbook: Xanadu – Wiley Custom Services – “Valuation and Financial Statement Analysis,” edited by James S. Linck. Selections are from:
 - Robinson, van Greuning, Henry and Broihahn, "International Financial Statement Analysis", 2007 (RVHB)
 - Stowe, Robinson, Pinto, McLeavey, “Equity Asset Valuation,” 2007 (Stowe)
- [Factset Knowledge Base Level I](#) (aka “DealMaven.”). This is mandatory for each student and can be purchased at [Factset's web site](#). Please purchase "FactSet Financial Analysis Knowledge Base Level I - 3 months - Student", at the FactSet student packages web site: www.factset.com/dealmavenstore. **Note:** This product only includes 3 months' access. Given the timing of the material in the course, I recommend you start your access on Jan 19, or slightly before. However, regardless of when you start, you must finish it prior to the 3-month expiration time, and no later than the date listed in the course schedule.
- *Coursepacks*: You can get the course packet(s) from www.study.net (see [instructions](#)). The study.net "course password" (i.e., not your user password, which you create yourself) is posted to the course's [WebCT web site](#) (Course Content, Course Material).
- The *course web site* is a [WebCT](#) site. Login at <https://webct.uga.edu> and go to "FINA4200v (Linck)". Registered students should be granted access at least a couple days prior to first day of class. Please contact the [Terry help desk](#) (706-542-6799) or [me](#) if you have trouble accessing WebCT or the course web site (after it has been made available).
- *Additional Materials* are posted to the course web site, and more will be posted to the course web site throughout the term including lecture notes, post-lecture notes, solutions to problems, etc. *Note:* I will often post lecture notes to the course web site in advance of each lecture (Course Content, Weekly Schedule). The lecture notes contained therein do not represent self-contained lectures. Rather, they are designed to reduce the amount of rote copying necessary during class so we can devote more time to class discussion and working through problems. For example, I purposely leave out many solutions so you/we can work through them without the crutch of seeing the solution ahead of time.
- Two important *tools* that you will use extensively during the course are a *financial calculator* and *Microsoft Excel*. While most any financial calculator will be fine, I use the BAII-Plus, and thus, am most

familiar with that one. Further, The BAII-Plus and the HP 12C are the only two calculators that you are allowed to use on the CFA® Examination.

- Note that UGA does offer several online courses on various software packages, including Microsoft Excel (most courses are free to current students). For more details, please see <http://innergeek.uga.edu/> -- I strongly encourage those who are relatively new to spreadsheets to take advantage of these offerings early on in the course. You will essentially be required to become proficient in Excel very early in the course.
- *Caution:* While the calculator and Excel are essential *tools*, do not blindly rely on them. Make sure you understand the problem/setup before plugging numbers into the calculator or a spreadsheet. You simply won't be able to solve more complicated problems if you don't do this, and many problems will be setup such that you cannot solve them without running through the proper setup.
- *Recommended:* Regular reading of a financial/business news periodical such as the [Wall Street Journal](#). This will be an important source of examples for class discussions. Indeed, you are strongly encouraged to bring in examples from your reading of the popular press.

Assignments and Grading

Deliverables and their allotted proportions

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| Quizzes | 10% |
| Problem Sets, Cases and Other Assignments | 10% |
| Final Project | 15% |
| Exams | 55% |
| Class Participation | 10% |

Teams. We will assign each student to a team and post those team assignments to "*Course Materials*". You will work with this team on all team assignments throughout the term. We will finalize teams shortly after the end of the initial drop/add period.

"Handing-in" deliverables. Please submit all download-and-complete assignments (cases, problem sets, projects) by uploading them to the respective Assignment at the course web site (where you downloaded it). For team assignments, use the naming convention "TeamName_AssignmentName" (i.e., *Team05_PS01.doc* for *Team 5, Problem Set 1*) as your filename. For individual assignments, use the naming convention "LastNameFirstName_AssignmentName" (i.e., *LinckJim_Exam01.xls* for *Jim Linck's Exam 1*) as your filename. Please print (or, at a minimum, print preview) your documents prior to handing in such that they are appropriately paginated for immediate printing. Each assignment will have some points allotted to "overall readability", which will be determined by the extent to which you follow directions and provide a deliverable that is professional and easy to follow. That is, the extent to which your results are communicated effectively will directly impact your score.

All deliverables have a specific due date/time, which you will know well in advance. I will not accept late assignments (that is, you will get a zero).

Quizzes. There will be several quizzes throughout the term. Some will be in-class. Many will be online, administered directly via the web site -- see Course Content, Assessments (Online Q's & E's) and Assignments (Other). You will be allowed to take some quizzes more than once. Others will be take-home. The quizzes are intended to encourage you to keep up with the weekly course material, review basic concepts and provide regular feedback on how well you are grasping the material. Generally, quiz questions will be significantly less involved (shorter, simpler) than the exams, problem sets, projects and cases. Although each student will submit an individual quiz (for online quizzes), you are allowed, and encouraged, to consult with your classmates in

completing each out-of-class quiz. You can use whatever other resources you wish in completing out-of-class quizzes as well such as your books, notes, computer, calculator. View them as a learning tool. *For grading purposes, we will drop your lowest quiz score.* There will be no make-up quizzes. If you miss a quiz, you will receive a zero (and presumably will constitute one of your dropped quizzes).

Problem Sets, Case write-up(s) and Final Project. Each team will complete several problem sets and/or case write-ups during the term. The cases are included in your coursepack, and I will post any problem sets to the course web site (Course Content, Assignments). Each of these assignments will have its own set of requirements, which I will post to the course web site at least one week before the assignment is due. You should complete all problems sets and cases in your teams, handing in (uploading) one copy per team. This is your team's assignment: do not work with other teams (doing so would be consider a violation of UGA's academic honesty policy). Hand in by uploading an electronic copy (including any spreadsheet exhibits) to the related assignment at the course web site. Use the naming convention "TeamName_CaseName" (i.e., team05_costco.doc) as your filename when uploading files to the web site, and be sure to include the team number and all team member names within the file itself (top of page one). Please print your electronic documents prior to handing in such that they are appropriately paginated for immediate printing. *All problem sets and case write-ups (electronic version) are due by 5pm the day before the assignment is to be discussed in class, unless stated otherwise. You won't be able to upload them after that point, and they will not be accepted.* You can bring the hard copy with you to class on the day it is due. I will also solicit groups to volunteer for presenting in class, and will consider these presentations in determining your final case grade. . The *Final Project* is a semester long project, and each team will be required to present it. We will discuss the details in class.

Exams. The course's exams will be set up to mirror the format of the Chartered Financial Analyst (CFA®) exam. While they may be administered on the computer (assuming we can secure a room), you will only be allowed to use the same material allowed during a CFA® examination. That means a pencil, scratch paper and a financial calculator. There will be no make-up exams. If you have to miss an exam for an approved reason (there are very few), and have all appropriate documentation to support this approved reason such that you are excused from the exam, then the weight of the missed exam will be added to the final.

Class Participation represents my judgment as to the quality of your individual contribution to class and online discussions, and will be evaluated carefully throughout the term. These are not gimmie points, not simply a reflection of class attendance, and need to be earned. The idea is to give you additional motivation to attend class prepared, contribute to class discussions and maximize your learning experience. Further, I may take attendance on random days throughout the term and announce "attendance-specific" questions that will show up on future exams. All of this is additional incentive to keep you on your toes.

Re-grades will only be considered within one week of the date the graded material is made available to you, and must be in writing. Please limit re-grade requests to grading errors - i.e., do not submit frivolous requests. Frivolous requests (i.e., those where the exam/problem was graded correctly) will be penalized by the amount of points you ask to be re-graded.