Instructor: Ellen Watson, CPA/ABV
Office: JC Long 308
E-mail (preferred contact method): watsoner@cofc.edu
Class Time/Classroom: MW 3:25pm - 4:40pm / Zoom – ONLINE - synchronous
Office Hours: by appointment via Zoom, M – F 8am – 4pm

Textbook
No textbook required.

Prerequisites
Senior standing: FINC 303, FINC 315

Reference Books and Helpful Tools
Reliable computer/laptop with Microsoft Excel
Google
The Wall Street Journal
Barron’s
S&P Capital IQ

Description
This course serves as a synthesis of material taught in previous courses for finance majors. The material drawn from and built upon includes topics covered in the areas of investments, institutions, and corporate finance. The tool used to integrate these areas of study is advanced valuation methodology for estimating value of firm assets and equity, which necessitates an understanding of the three major areas of finance.

Structure of Course – Synchronous Online
The class will meet via Zoom meetings during our designated class time on MW at 3:25pm-4:40pm.

Students are expected to attend class and participate when appropriate. If you cannot attend every single class, that’s no problem, please just let me know.
After each class, I will post a detailed announcement in OAKs regarding key points discussed, upcoming assignments/deadlines, etc. Please check OAKs if you miss a class, then check with your classmates or team members before emailing the instructor a class-related question (see Electronic Communication section below).

While the Zoom classes will be recorded, the recordings will not be posted after each class. If you’d like to request the recording, you may do so via direct email.

You may be thinking to yourself… “But why, Mrs. Watson? You posted the videos after class last semester… come on……”
Here’s my reply…. Do you think your future boss is going to post recordings of client or staff meetings that you missed?
*Hint: the answer rhymes with “techno”*

**IMPORTANT: THIS IS NOT ONE OF THOSE CLASSES THAT YOU CAN BREEZE THROUGH FOR AN EASY “A”.** It is absolutely essential that you attend classes to learn the material for application in the requisite case studies.

**School of Business Mission Statement**

The School of Business provides a quality education for its students by ensuring that they have the knowledge, skills and experiences to effectively and responsibly address business challenges.

**Learning Goals (SCHOOL OF BUSINESS & CLASS SPECIFIC)**

**COMMUNICATION SKILLS:** Students demonstrate the ability, via both written and spoken word, to effectively present, critique, and defend ideas in a cogent, persuasive manner.

As part of further developing advanced knowledge on corporate valuation, this course will help students to both efficiently and effectively communicate interpersonally, and will sharpen written and verbal presentation skills.

**QUANTITATIVE FLUENCY:** Students demonstrate competency in logical reasoning and data analysis skills.

This course will assist students in developing the skills necessary to identify and solve difficult financial problems through quantitative analysis, critical thinking, and the use of spreadsheets or other commercial software.
INTELLECTUAL INNOVATION AND CREATIVITY: Students demonstrate their resourcefulness and originality in addressing extemporaneous problems.

Students will demonstrate their resourcefulness through critical thinking and problem-solving skills.

SYNTHESIS: Students integrate knowledge from multiple disciplines incorporating learning from both classroom and non-classroom settings in the completion of complex and comprehensive tasks.

This course will allow students to comprehensively review and strengthen knowledge on multiple sub-areas of finance, and will help students to apply financial knowledge to real-life situations.

Learning Objectives

Through the semester, students are expected to further advance their communication skills, problem solving and decision making capacity regarding financial issues. Students are also expected to build the managerial knowledge based on financial metrics. Additionally, the study will also help students build skills for lifelong learning on their own.

For specific learning objectives, after successfully finishing the course, students should be able to understand or undertake the followings:

- Corporate strategy
- Financial accounting and financial statement analysis
- Advanced financial forecasting / capital budgeting
- Cost of capital estimation
- Valuation of enterprises in various settings

Electronic Communication

It is preferable that all electronic communication between instructor and students be conducted through the Official University supplied systems. Therefore, please use your C of C email account for all correspondence with your instructor. And please be professional in your email correspondence. Tone is incredibly important in written communication. If I interpret the slightest negative or rude attitude, I will assume you don’t intend to come off that way, but I will bring it to your attention. In the environment in which we operate today, being able to communicate via written exchanges (text, email, etc.) is an integral skill, and if I can help you develop that, I will!
Before you reach out to me, ensure you’ve taken the following steps to answer your question on your own (aka the *Ask Three Then Me* principle):

1. Consult the class schedule and syllabus.
2. Check OAKS for announcements and instructions.
3. Confer with classmates.

**Expectations for Students**

- **Take ownership** of your assignments. What you learn depends on your commitment.
- **Allocate sufficient time to complete the requisite work.** Ensure you understand the materials and lectures. This will vary for each student, but likely between 4 – 6 hours per week on average. (Wide range due to varying levels of students’ comfort in Microsoft Excel… the less familiar and comfortable you are with Excel, the longer it will take you to complete assignments and work through the material)
- **Be an ideal team player (humble, hungry, & smart).** Communicate early and often with your team members. Hold up your end of the bargain (get your work done well and within the time frame agreed upon). Help your teammates if/when necessary.
- **Speak up:** Ask for help when you’re stuck and/or lost. Let the instructor know in a timely manner if the class is unsatisfactory in any way. Make an appointment for virtual office hours. I am here for YOU! Let me help you.
Grading Policy

Grades will be based on the student’s performance on several components including group work, individual case studies, and class performance.

**Miscellaneous Homework (15%)**

3 Individual Case Studies (45%, 15% each)
1 Group Case Study & Presentation (30%)
ETS Major Field Test (10%)

The final course grade will be in a letter based on the following:

<table>
<thead>
<tr>
<th>Total points</th>
<th>Letter grade</th>
<th>Total points</th>
<th>Letter grade</th>
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<tbody>
<tr>
<td>93-100</td>
<td>A</td>
<td>73-76</td>
<td>C</td>
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<tr>
<td>90-92</td>
<td>A-</td>
<td>70-72</td>
<td>C-</td>
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<tr>
<td>87-89</td>
<td>B+</td>
<td>67-69</td>
<td>D+</td>
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<tr>
<td>83-86</td>
<td>B</td>
<td>63-66</td>
<td>D</td>
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<tr>
<td>80-82</td>
<td>B-</td>
<td>60-62</td>
<td>D-</td>
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<tr>
<td>77-79</td>
<td>C+</td>
<td>59 and below</td>
<td>F</td>
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**Group Case Study & Presentation:** The Group Case Study & Presentation is a semester-long assignment that is designed to promote working effectively as a team towards a shared goal/target. Students will be assigned to a group and will be expected to complete the Case Study work throughout the semester, and culminating in a final deliverable with a presentation. Everyone in the group must contribute to the work, and each group member will fill out detailed peer reviews, which will factor directly into individual assignment grades.

If there are issues (differences of opinion, conflict, etc.) during the semester with group members that are unable to be solved by the group, it is requested that the group bring the issue to the professor. If it gets to this point, the professor will schedule a meeting either as a team or with individual group members and will provide guidance on resolution. See OAKs for detailed instructions and deadlines.

**Miscellaneous Homework:** Students are required to complete and turn in assigned homework on time. No late homework will be accepted.
Homework assignments are **individual** assignments, unless explicitly stated otherwise in the instructions or in class. It is critically important that each student understand the concepts and is able to do complete the work independently and correctly, or the chance is high that the student will not be able to contribute significantly to the group project. Individual contribution to the group project is a considerable factor in the individual final grades.

**Attendance Policy**

It is expected that each student attend and participate in all class periods, with the exception of College-supported excused absences. Please arrive on time. Attendance is **exceptionally** important on days dedicated for group work as aligning calendars outside of class can be challenging. Students who don’t attend group meetings regularly are often not highly regarded by their team members… *and if you get kicked off of your team, you’ll receive a 0 for the final case study.*

**ETS Major Field Test**

This will be organized and administered by the School of Business. As finance majors, students are required to take the test and score well. I will receive student’s percentile score. *Your percentile score on this test will be proportionally converted into the points for this part. For instance, if you receive 80th percentile, you will receive an 80% of the points allocated to this component of your grade.*

**OAKS**

OAKS, including Gradebook, will be used in addition to Connect for this course throughout the semester to provide the syllabus and class materials and grades for each assignment, which will be regularly posted.

**Recording of Classes** (via ZOOM)

Class sessions will be recorded via both voice and video recording. By attending and remaining in this class, the student consents to being recorded. Recorded class sessions are for instructional use only and may not be shared with anyone who is not enrolled in the class.
Posting of Recording Clips or Pictures

Please do not post pictures or video clips from our class anywhere on the world wide web or social media including, but not limited to, Snapchat, Facebook, Instagram, Twitter, whatever this app called TikTok is that’s all the rage (?)...you get the point.

In the past, photos (with captions / snapchat messages) have made it back to me and … it’s awkward. Thanks in advance!

Students with Disabilities

The College will provide reasonable accommodations for persons with documented disabilities. Students should apply at the Center for Disability Services/SNAP, located on the first floor of the Lightsey Center, Suite 104 or via online: http://disabilityservices.cofc.edu/. Students approved for accommodations are responsible for notifying me as soon as possible and for contacting me one week before accommodation is needed. Phone: 843-953-1431
College of Charleston Honor Code and Academic Integrity

Lying, cheating, attempted cheating, and plagiarism are violations of our Honor Code that, when identified, are investigated. Each incident will be examined to determine the degree of deception involved.

Incidents where the instructor determines the student’s actions are related more to a misunderstanding will handled by the instructor. A written intervention designed to help prevent the student from repeating the error will be given to the student. The intervention, submitted by form and signed both by the instructor and the student, will be forwarded to the Dean of Students and placed in the student’s file.

Cases of suspected academic dishonesty will be reported directly by the instructor and/or others having knowledge of the incident to the Dean of Students. A student found responsible by the Honor Board for academic dishonesty will receive a XF in the course, indicating failure of the course due to academic dishonesty. This grade will appear on the student’s transcript for two years after which the student may petition for the X to be expunged. The student may also be placed on disciplinary probation, suspended (temporary removal) or expelled (permanent removal) from the College by the Honor Board.

Students should be aware that unauthorized collaboration--working together without permission-- is a form of cheating. Unless the instructor specifies that students can work together on an assignment, quiz and/or test, no collaboration during the completion of the assignment is permitted. Other forms of cheating include possessing or using an unauthorized study aid (which could include accessing information via a cell phone or computer), copying from others’ exams, fabricating data, and giving unauthorized assistance.

Research conducted and/or papers written for other classes cannot be used in whole or in part for any assignment in this class without obtaining prior permission from the instructor.

Students can find the complete Honor Code and all related processes in the Student Handbook at http://deanofstudents.cofc.edu/honor-system/studenthandbook/
# FINC 418_03: Advanced Valuation and Corporate Financial Analysis

## Tentative Class Schedule

<table>
<thead>
<tr>
<th>January</th>
<th>11</th>
<th>Syllabus Review, General Class Information, and Intro to Valuation</th>
<th>Find a recent (last 7 days) news story involving valuation (Barron’s or WSJ); summarize the significance of valuation in the context of the article, due Wed, Jan 20 at 3:25pm</th>
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<td>13</td>
<td>Valuation: The Role of Valuation and Common Methodologies</td>
<td>Spend time considering the company you’d like to value for the group case study (the “Subject Company”) - think through what you’ve learned about valuation and the various approaches in the context of valuing your Subject Company</td>
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<td>18</td>
<td>HOLIDAY - No Class</td>
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<td>20</td>
<td>Financial Statement Analysis Introduction (or Review for my 316 crew)</td>
<td>Pick a company you are interested in and pull the financial statements (income statement, balance sheet, and statement of cash flows) from S&amp;P Cap IQ into Excel for the last 5 years, including TTM; Review our guest speaker's profile and come prepared to participate in active discussion; <a href="https://www.soferadvisors.com/david-h-hern-profile/">https://www.soferadvisors.com/david-h-hern-profile/</a></td>
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<td>25</td>
<td>Guest Speaker: David Hern, CPA/ABV, ASA, CEPA (Sofer Advisors)</td>
<td>Summarize two of the primary take-aways that you gleaned from David's presentation; Submit 2 preferences for Subject Company for final case study</td>
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<td>27</td>
<td>Detailed Review of Financial Statement Analysis and its Importance in a Valuation Context</td>
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<td>February</td>
<td>1</td>
<td>Detailed Review of Financial Statement Analysis and its Importance in a Valuation Context</td>
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<td>3</td>
<td>Industry Research &amp; Peer Analysis; Group Assignments &amp; Meeting Time</td>
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<td>8</td>
<td>Review of Restoration Hardware Financial Statement Analysis: ICS; Group Meeting Time</td>
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<td>10</td>
<td>Industry Research &amp; Peer Analysis continued</td>
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<td>15</td>
<td>Peer Analysis (cont’d), Guideline Public Company Valuation, &amp; Betas</td>
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<td>17</td>
<td>Pro Forma Financial Statements</td>
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<td>22</td>
<td>Pro Forma Financial Statements continued</td>
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<td>24</td>
<td>Group Meeting Time</td>
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<td>March</td>
<td>1</td>
<td>Guideline Transactions Review, Intro to Risk Analysis &amp; Cost of Capital</td>
<td>Individual Case Study (ICS) - Peer Group Analysis, Pro Forma Financials, &amp; Risk Estimation: Restoration Hardware (RH); due March 8 @ 3:25 pm</td>
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<td>3</td>
<td>Risk Analysis &amp; Cost of Capital + Valuation Conclusions</td>
<td>Individual Case Study (ICS) - Peer Group Analysis, Pro Forma Financials, &amp; Risk Estimation: Restoration Hardware (RH); due March 8 @ 3:25 pm</td>
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<td>8</td>
<td>Review of Restoration Hardware Peer Analysis &amp; Risk Estimation</td>
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<td>15</td>
<td>Reconciliation of valuation approaches &amp; report writing</td>
<td>Submit updated draft Excel schedules including: four years of historical financial statements (income statements, balance sheets, and cash flow statements), as well as key ratio analysis for your Subject Company, the selected peer group, and cost of capital estimation. Due Wednesday, March 17 @ 3:25 pm</td>
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<td>17</td>
<td>Concise and effective reporting writing (Word &amp; PPT)</td>
<td>Individual Case Study (ICS) - Short-form report for Restoration Hardware (RH); due March 24 @ 3:25 pm; Review your guest speaker’s profile and come prepared to participate in active discussion; <a href="https://www.elliottdavis.com/professionals/peter-k-barton/">https://www.elliottdavis.com/professionals/peter-k-barton/</a></td>
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<td>22</td>
<td>Tentative: Guest Speaker: Peter Barton, CFA (Elliott Davis)</td>
<td>Individual Case Study (ICS) - Short-form report for Restoration Hardware (RH); due March 24 @ 3:25 pm</td>
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<td>24</td>
<td>Review of Restoration Hardware Reporting</td>
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<td>29</td>
<td>Group Meeting Time</td>
<td>Submit draft report in accordance with outlined requirements, due Monday, April 5 @ 3:25 pm</td>
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<td>31</td>
<td>Group Meeting Time</td>
<td>Submit draft report in accordance with outlined requirements, due Monday, April 5 @ 3:25 pm</td>
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<td>April</td>
<td>9</td>
<td>Final case study comments / thoughts / insights</td>
<td>Submit final report in accordance with outlined requirements, due Monday, April 12 @ 3:25 pm</td>
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<td>12</td>
<td>Tentative: Guest Speaker: Jesse Qian (Hummingbird Search Partners)</td>
<td>Review your guest speaker’s profile and come prepared to participate in active discussion; <a href="https://www.hummingbirdsearchpartners.com/team">https://www.hummingbirdsearchpartners.com/team</a></td>
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<td></td>
<td>14</td>
<td>Case Study Presentations</td>
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<tr>
<td></td>
<td>19</td>
<td>Case Study Presentations</td>
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