

## AMIS 7220 – Financial Statement Analysis & Valuation Spring 2024

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<b>Time/Location:</b>	1:00–2:30pm MW	Gerlach Hall 305

**NOTE: The material in this syllabus is subject to change. The timing of topics and reading assignments may change depending on how the class is proceeding and on unforeseen events. When changes occur, I will announce changes in class and by email, and will post an updated syllabus on Carmen.**

### Office Hours

Tuesday 12:00 PM – 1:00PM. Please email the instructor for appointments at other times.

### Course Materials

1. *Financial Statement Analysis & Valuation*, 6<sup>th</sup> Ed., by Easton, McAnally, and Sommers (**required**). Chapter readings in the class calendar correspond to the chapters in Easton et al.
2. Having an intermediate-level accounting textbook is a good idea but you are **not** required to obtain one. (If you do choose to acquire an intermediate textbook, I recommend, **but do not require**, *Intermediate Accounting*, 3rd Ed., by Hanlon, Hodder, Nelson, Roulstone, and Dragoo. Any other intermediate accounting textbook is acceptable.)
3. Lecture notes and additional materials (e.g., additional readings) are available on Carmen or in class.

### Course Objective and Description

AMIS 7220 is an elective course in financial statement analysis and valuation for MAcc students. The course is designed to teach concepts and methods for analyzing firm performance, analyzing financial statements, forecasting future financial statement numbers, and using these forecasts to produce estimates of firm value. The course will emphasize actual financial statements to demonstrate real-world examples of these concepts. Prerequisites for this course are admission to the MAcc program (or other Fisher master's programs) and familiarity with financial reporting at the intermediate level or higher.

### Textbook

The main textbook for the course is *Financial Statement Analysis & Valuation* by Easton, McAnally, and Sommers (sixth edition, Cambridge Business Publishers). This text is **required**. As *background reading* it is recommended (but not required) that you have an intermediate-level financial accounting textbook. I recommend the third edition of *Intermediate Accounting* (Hanlon, Hodder, Nelson, Roulstone, and Dragoo 2022) Volumes 1 and 2. If you already have a different intermediate text (e.g., Spiceland et al. or Kieso and Weygandt) it is okay to use that

book. As noted above, any chapter readings and page numbers in this syllabus correspond to the Easton et al. textbook.

### **Class Expectations**

This course demands a *considerable* amount of time and commitment. If you feel shaky about the basics of accounting, please be sure to review your class notes from introductory, intermediate, and other accounting courses now. Regular class attendance is important. If you do miss a class, it is your responsibility to ensure that you understand the material covered in the class you missed and that your group knows about your absence in advance.

### **Groups and Class seating**

On the first day of class, I will ask you to form small groups (usually four to five students each) for group projects and class discussions. A member of the group should email me a group name and group members by January 12. On the second day of class I will pass around a seating chart so you can mark your location and that of your group (please plan to sit close to your fellow group members). During class discussions I will generally call on groups rather than individual students. In addition to the scheduled homework assignments, I will sometimes provide handouts on particular topics that discuss issues and questions for group members to think about before class. During the class, I will randomly call on groups to discuss these issues and answer these questions. The idea is to encourage class participation without putting individual students on the spot. Note, however, that I will sometimes call on individual students—I don't want people free-riding off their fellow group members all throughout the term!

### **Grading**

The grading scheme is below. I reserve the right to change the weights during the term; you will be informed quickly if I elect to make changes. Grades will be assigned to point totals on a relative, rather than an absolute, basis. The average grade in the class will be between a high B+ and a low A-; it is possible to earn any of the official OSU grades, from A to E, in this course.

	<b>Weight</b>
Midterm Exam (2/5)	25%
Take Home Final Exam	40%
Professionalism/participation	5%
Homework write-ups (6 total)	30%
<b>Total</b>	<b>100%</b>

If you think the grade on your exam or homework write-up does not reflect the quality of your performance, submit the original exam or assignment (without modification) and a clear written explanation of your reasoning **within one week after the return of your exam or assignment**. The written document should concisely and clearly identify the problem with the grade. I reserve the right to review the entire item; thus, your grade can increase or decrease with the review. There will be no grading appeals after the one-week period has passed.

## Exams

There will be one in-class mid-term exam and one, take-home, final exam. The mid-term exam is scheduled for **Monday, February 5** during your regular class time (*Note: this date is subject to change.*) The mid-term exam will consist of multiple choice and short answer questions, often requiring calculations (bring a calculator). The midterm exam will cover material through the Revenue topic and chapter 5 of the textbook.

The final exam will be a take-home assignment handed out at the end of class on Wednesday, February 21 and due on Monday, February 26 at 1pm. This exam will be structured like the homework problems assigned during the term and will cover a topic from the second half of the class. Unlike other homework assignments, the take-home final exam will be **individual only**—no group work allowed. You can use your textbook and notes from class, but you are not allowed to access any internet resources for this exam. You will turn in a hard copy of the take-home final exam to my office (Fisher 442) by 1pm on Monday, February 26; alternatively, you may email me a soft copy of the take-home final exam by the same date and time.

For the midterm, excused absences require advance approval. Any unexcused absence will result in zero points for the exam. **There are NO make-up exams.** A note from health services is not necessarily a sufficient excuse for missing an exam. Job/internship interviews should not be scheduled on exam days and will only represent an excused absence in extreme circumstances. Any request for rescheduling the final exam to accommodate travel plans will be denied.

## Professionalism and Participation

Attendance and being *actively engaged* in class are expected in this course. To encourage you to participate in class, 5% of your total grade will be awarded on the basis of your participation and professional behavior. In particular, when your group is called on to discuss a homework assignment your participation in this discussion will count heavily towards these points. When discussing an assignment or answering specific questions, whether or not you give the “right” answer is not the main issue; being prepared for and engaged in class is also important.

Behaving as a professional is expected in this course. This applies to conduct in the classroom, as well as in office hours and in course-related e-mails. I ask that you arrive on time for class with cell phones turned off and out-of-sight (i.e., in your pocket, purse, or backpack). If you are using a notebook computer in class, I ask that you only engage in course-related activity (Power point slides, Carmen class site, etc...) Web browsing and connecting to social media sites is distracting to other students. If I find evidence of this activity, I will ask you to leave your device at home.

## Homework Write-ups

You and your group will prepare answers to questions regarding class topics. Materials for these assignments will be handed out in class or available on Carmen. On the day the homework is discussed in class, your group should prepare a written answer and bring a hard copy to class to turn in. (Please retain a hard copy to refer to during the class discussion.) Late writeups will not be accepted except in extreme instances.

### **Extra Credit**

A common question (especially near the end of the term) is whether extra credit points are available. In the interests of fairness there are **NO** extra credit opportunities in the class. Your grade will be determined by performance on the graded items discussed above.

### **Use of calculators during exams**

You are required to have a calculator without any memory function for the mid-term exam. Calculators with memory functions are not acceptable for test taking purposes, nor are laptops, and smart phones and tablets with calculator apps. I suggest you pick up an acceptable calculator as soon as possible and not wait until the day of the midterm. Also, please check the batteries on your calculator before arriving in class for the exam. A financial calculator is not required but is allowed.

### **Academic Misconduct**

Academic misconduct will not be tolerated. According to University Rule 3335-31-02, all suspected cases of academic misconduct will be reported to the Committee on Academic Misconduct. Each student in this course is expected to be familiar with and abide by the principles and standards set forth in The Ohio State University's code of student conduct and code of academic conduct. You can view these documents or download a pdf version at:

[http://studentaffairs.osu.edu/resource\\_csc.asp](http://studentaffairs.osu.edu/resource_csc.asp)

<http://www.gradsch.ohio-state.edu/academic-and-research-misconduct.html>

It is also expected that each student will behave in a manner that is consistent with the Fisher Honor Statement, which reads as follows:

*As a member of the Fisher College of Business community, I am personally committed to the highest standards of behavior. Honesty and integrity are the foundations from which I will measure my actions. I will hold myself accountable to adhere to these standards. As a future leader in the community and business environment, I pledge to live by these principles and celebrate those who share these ideals.*

While most students have high standards and behave honorably, we sometimes encounter cases of academic misconduct. It is the obligation of students and faculty to report suspected cases of academic and student misconduct. Students can report suspected violations of academic integrity or student misconduct to faculty or to the MAcc program's leadership. All reported cases of academic misconduct are actively pursued, and confidentiality is maintained.

In addition to the description of academic misconduct given at the above web links, I note that, for this class, academic misconduct includes turning in work that you did not prepare on your own or with your group (as applicable) including any solutions found on the internet or received from others outside the class.

### **Students with Disabilities**

If you have a certified disability that is approved for accommodations by the [Office for Disability Services](#), please notify me immediately so I can provide the necessary

accommodations. If you have not previously contacted the Office for Disability Services, I encourage you to do so immediately. In particular, if you need accommodations for an exam, I need to be notified at least two weeks prior to the exam.

**Communication**

Class announcements and updates will be made on the course webpage on Carmen continually throughout the term, so please check the course Carmen page frequently (especially before coming to class each day). In addition, I post the lecture slides on Carmen at least a week in advance so you can review them before the class. Please contact me any time that you need help with the class. I am here to help you learn the material. I encourage you to come to office hours at some point during the term so we can meet individually, even if you do not have questions about class material. I look forward to a productive and enlightening term as we explore financial statement analysis together!

**Class Schedule and Assignments:**

*(Note: “Text” refers to Easton et al. 6th edition)*

<b>Jan. 8</b>	(1)	<b>Topic:</b> <b>Reading:</b>	<b>Overview of FSA</b> Text Chapters 1 (1-1 to 1-10; 1-20 to 1-36) & 2 (2-1 to 2-16)
<b>Jan. 10</b>	(2)	<b>Topic:</b> <b>Reading:</b> <b>Homework:</b>	<b>Profitability Analysis</b> Text Chapter 3 (pages 3-1 to 3-14; 3-15 to 3-30) Ratios Tell A Story (due Jan. 17)
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<b>Jan. 15</b>	(-)	<b>MLK Jr. Holiday:</b>	<b>No class</b>
<b>Jan. 17</b>	(3)	<b>Topic:</b> <b>Reading:</b> <b>Homework:</b>	<b>Profitability Analysis</b> Text Chapter 3 (pages 3-1 to 3-14; 3-15 to 3-30) Home Depot and Lowes (due Jan. 22)
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<b>Jan. 22</b>	(4)	<b>Topic:</b> <b>Reading:</b>	<b>Credit Risk Analysis</b> Text Chapter 4 (pages 4-1 to 4-36)
<b>Jan. 24</b>	(5)	<b>Topic:</b> <b>Reading:</b> <b>Homework:</b>	<b>Credit Risk Analysis</b> Text Chapter 4 (pages 4-1 to 4-36) Apple Computers (due Jan. 29)
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<b>Jan. 29</b>	(6)	<b>Topic:</b> <b>Reading:</b>	<b>Financial Reporting Risk</b> Beneish (1999)—on Carmen
<b>Jan. 31</b>	(7)	<b>Topic:</b> <b>Reading:</b> <b>Homework:</b>	<b>Revenue Analysis</b> Text Chapter 5 (pages 5-1 to 5-7; 5-21 to 5-38) Marriott Int. (due <b>Feb. 2</b> )
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<b>Feb. 5</b>	(8)	<b>Topic:</b>	<b>Midterm Exam</b>
<b>Feb. 7</b>	(9)	<b>Topic:</b> <b>Reading:</b> <b>Homework:</b>	<b>Forecasting Financial Statements</b> Text Chapter 11 (pages 11-1 to 11-31) Netflix Part I (due Feb. 12)
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<b>Feb. 12</b>	(10)	<b>Topic:</b>	<b>Accounting Based Valuation</b>
		<b>Reading:</b>	Text Chapter 14 (pages 14-1 to 14-17)
<b>Feb. 14</b>	(11)	<b>Topic:</b>	<b>Accounting Based Valuation</b>
		<b>Reading:</b>	Text Chapter 14 (pages 14-1 to 14-17)
		<b>Homework:</b>	Netflix Part II (due Feb. 19)
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<b>Feb. 19</b>	(12)	<b>Topic:</b>	<b>Market Based (Multiples) Valuation</b>
		<b>Reading:</b>	Text Chapter 15 (pages 15-1 to 15-22)
<b>Feb. 21</b>	(13)	<b>Topic:</b>	<b>Market Based (Multiples) Valuation</b>
		<b>Reading:</b>	Text Chapter 15 (pages 15-1 to 15-22)
		<b>Homework:</b>	<b>Take Home Final Exam (due Feb. 26 at 1pm)</b>
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