

THE UNIVERSITY OF TEXAS AT EL PASO

Department of Economics and Finance

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FIN 4318 Financial Analysis of the Firm and Its Valuation

Course Syllabus, Fall 2015

Class Hours: 3:00 – 4:20 pm, TR, in BUSN - 332

Office Hours: 2:00 – 3:00 pm or by appointment

Required Text: *Financial Statement Analysis, 11th edition*, Subramanyam and Wild

Course Description: This course encompasses an advanced inquiry into the techniques of analysis of the firm's book and market values, and new investments. The analysis of book value based on historical performance concentrates on the techniques of analysis of the firm's accounting financial statements as an aid to extraction and evaluation of information for interpretation and decision-making by lenders, investors, and others. The analysis of market value based on expected performance concentrates on the fundamental techniques of analysis of the firm's bonds and stocks, inclusive of their pricing theorems, reinvestment rate assumptions, effects on price-earnings multipliers, and implications of the valuation of the firm's growth rate. Finally, the analysis of new investments on the firm's market value concentrates on the capital budgeting process, inclusive of cash flows, risk, and capital costs.

Prerequisites: Fin 3310, minimum grade of D.

Calculators: You need access to a *business* calculator, such as TI BA II Plus (recommended) or equivalent. Your calculator should be able to compute the net present value (NPV) and the internal rate of return (IRR) on an uneven stream of cash flows.

Grade Components:

Exam 1	20%
Exam 2	20%
Exam 3	20%
Exam 4	20%
Cumulative Exam (during finals week)	80%
Group Project	20%

Attendance: Students are strongly encouraged to attend each class session and participate in class discussions. Students who attend class regularly perform substantially better in the exams than those who do not.

Exams: Four exams will be given during the semester, these are mandatory and non-comprehensive. The exams will be based on assigned readings, lectures, and, most importantly, assigned end-of-chapter problems. Students have the option of taking the cumulative exam (during finals week). In calculating the final grade the highest of either the cumulative or the average of the four exams will be used.

Group Project: Students will hand in a group project (groups will not exceed 4 students) in which a firm (chosen by the students) will be analyzed and valued, using the methods discussed in the various chapters of the book.

Missed Exams:

Credit for a missed exam may be made-up ONLY IF the reason for missing the exam is beyond the student's control (e.g., university sports (for athletes only), medical excuse, jury duty, death in the

family, or automobile accident). The student must submit a written and signed statement concerning the reasons for missing the exam, with appropriate documentation, and petition for a makeup. A missed exam will carry a ZERO grade if these conditions are not met.

Tentative Course Outline:

Week	Topic
1-3	Chapters 1-3, followed by Exam 1 on September 17
4-7	Chapters 4-6, followed by Exam 2 on October 15
8-11	Chapters 7-9, followed by Exam 3 on November 5
12-15	Chapters 10-11, followed by Exam 4 on December 1, plus group projects are due last day of class

Important Notes:

1. This course is very challenging. Students should be mentally prepared and make arrangement to set aside blocks of time for this class during the semester. On average, each student is expected to spend **7-10 hours per week** on this class, in addition to the class time.
2. In addition to the announced office hours, students may stop by my office at any time (email me) to ask questions.
3. If you have any trouble with the class, please get help ASAP. Do not let the problems buildup.
4. If you have a disability and need classroom accommodations, please contact The Center for Accommodations and Support Services (CASS) at 747-5148, or by email to cass@utep.edu, or visit their office located in UTEP Union East, Room 106. For additional information, please visit the CASS website at www.sa.utep.edu/cass.
5. **Academic integrity.** Academic integrity is an extremely serious matter. All students are expected to comply with University rules and regulations on academic integrity and honesty. Disciplinary sanctions may be imposed for violations of these rules and regulations. Because this class is a combination of quizzes and written case reports, extra care will be taken to assure the integrity of the teaching/learning process.
6. This syllabus is tentative.