DONGGUAN UNIVERSITY OF TECHNOLOGY
School of Economics and Management
<u>Course Syllabus</u>
2019 Autumn

Course Information

Course Code	088562
Course Title	Financial Statement Analysis and Corporate Valuation
Instructor	Huang Chunyang
Class	2016 Economics and Finance (Financial Management International Program)
Course Category	☑Compulsory ☐Elective
Credit(s)	2
Total Hours	36
Hours Per Week	4hours, 9weeks
Practical Hours	0
Lab Practice Hours	0
Classroom	R6301, GuanCheng Campus;
Time	Wednesday 8:30-10:10, and Friday 10:25-12:00
Office Hour	Monday 10:30-12:00 at 3207 Guancheng Campus; by appointment
Required Textbook	There is not a required textbook for the course. Lecture notes will be distributed in the classes
Supplementary Materials	1. www.wallstreetcn.com 2. www.eastmoney.com 3. www.cninfo.com.cn
Prerequisites	1. Financial Accounting 2. Investment
Course website	

Course Description

This course covers two inter-related topics in finance – financial statement analysis and its application to corporate valuation. It introduces the basic principles, methods,

and techniques in financial statement analysis and corporate valuation. Subjects such financial ratio analysis, trend analysis, common-side analysis, capital expenditure, working capital, free cash flows, economic value added, abnormal earnings, etc. will be discussed.

Course Learning Objectives (LOs)

After this course, you should be able to:

LO1: understand the key concepts, principles and theories in financial statement analysis and corporate valuation;

LO2: understand the tool and models in financial statement analysis and corporate valuation;

LO3: apply the learned knowledge to implement your own financial statement analysis and corporate valuation.

Assessment and Grading

Your performance in the course will be evaluated based on three parts: attendance (20%), term paper (30%), and final exam (50%). The detailed grading is as following:

	Standard	Notes
Attendance, 20%	If you are late or leave early, your grade will be taken one point each time. If you are absent for one class, the taken point will be 2 for each absentee. Give questions is a good way to get points in attendance.	If you are taken more than 10 points away, I will reserve your right to participate the final exam.
Term paper, 30%	You are required to analyze the financial statements of a listed company, and estimate the relative as well as intrinsic value of the company. The paper can be prepared in a group of not more than 3 members, or individually.	Your term paper should be handed in by the last lecture of the course.
Final exam, 50%	Exam questions for will cover the core concepts, methodologies, tools, and applications from the course.	Closed book exam

Policies:

➢ **Attendance Policy**

Students missing three classes without permission cannot get any credit from this course.

➢ **Participation Policy**

Participation in class discussion is strongly recommended, and will be awarded with extra point in final grading.

➢ **Policy on Assignments and Quizzes**

All assignments and exam should be completed by yourself. Late assignments will be accepted without penalty only in cases of legitimate absences and only if the student has contacted the lecturer in advance. If you miss a class, you must get previous class material from one of your student contacts. See the rubrics of assessment event for the detailed of evaluation.

Before/After Class - Students should expect to spend an adequate amount of time on reviewing the textbook, course handouts and finalizing the group homework before the due day. To keep up with the flow of the course, students are strongly recommended to complete the relevant reading materials and to have the coming individual/group presentations/activities conscientiously prepared before the class.

➢ **Plagiarism**

If it is caught that you take another person's work, ideas, or words, and using them as if they were your own, then the corresponding assignment will be scored zero. You can use others' work in a proper way of referencing.

➢ **Classroom Policies**

■ English - You are highly encouraged to speak English in the class and actively exchange your ideas, opinions and critical thinking with others. Make sure to speak English even during small-group or paired activities.

■ Late coming student should provide a reasonable excuse based on asymmetric information theory and share it in class. If there is no excuse, treat as absent.

■ If there is a question, stop the instructor any time, and ask for an answer. Your question is others' question with a very high probability.

■ Please be considerate of your fellow students during class presentations. Talking during the presentation will result in a 1% deduction from your final grade.

Session Plan:

Week/Date	Topic/Focus and Difficulty/Ethical and Political Learnings (choose at least 3 weeks to perform the practice or implication of ethical and political insights from this course)	Activities	LO
1/Sept. 4 and 6	Topic: course introduction and balance sheet analysis Focus: balance sheet analysis Difficulties: sources and uses of funds Ethical and political learning: discussion on accounting standard in corporate communication should help students in understanding the importance of common value	Lecture	1, 2, 3
2/ Sept. 11 and 13	Topic: income statement and cash flow statement analyses Focus: cash flows	Lecture	1, 2, 3
3/ Sept. 18 and 20	Topic: How to derive free cash flows to the firm (FCFF) from financial statements Focus: free cash flows Difficulties: derive free cash flow from individual financial statement items Ethical and political learning: the concept of free cash flow should help students in understanding the value of creativity	Classroom discussion	1, 2, 3
4/ Sept. 25 and 27	Topic: Discounted cash flows models for valuation Focus: discounting models Difficulties: the calculation of terminal value Ethical and political learning:	Classroom discussion	1, 2, 3

	DDM models shows that the majority of a firm's value depends on the firm's earnings over a long period of times, which should encourage students for long-term investment.		
5/Oct. 2 and 4	National Day Holiday	Classroom discussion	
6/ Oct. 9 and 11	Topic: Dividend Discounted Model (DDM) for stock valuation Focus: forecasting future dividends Difficulties: estimation of discounted factors	Classroom discussion	1, 2, 3
7/ Oct. 16 and 18	Topic: Free Cash Flows to the Firm (FCFF) valuation model Focus: the definition of free cash flows to the firm Difficulties: estimation of free cash flows to the firm	Classroom discussion	1, 2, 3
8/ Oct. 23 and 25	Topic: Economic value added (EVA) and Abnormal Earnings (AE) valuation models Focus: the definition of EVA and AE Difficulties: Estimation of EVA and AE	Classroom discussion	1, 2, 3
9/ Oct. 30 and Nov. 1	Topic: Relative valuation models Focus: the logics of relative valuation Difficulties: the application of relative valuation models	Classroom discussion	1, 2, 3
Total	36 hours		

Date: 2019.9.6

Reviewed by
 Chih-Yuan Hung
Signature

Chih-Yuan Hung

Director of
Department of International Business and Management