The HashemiteUniversity
Faculty of Economics & Administrative Sciences
Fall Semester 2015/2016
Financial Analysis (FIN 110204401)

Lecturer :	Dr. Hamza Almustafa
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Office Hours:	Sun., Tue. & Thu. (11:00 – 12:00) Mon, Wed (8:30- 9:30)
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Note: Please note that this syllabus is considered the schedule for this course that will be strictly applied. Therefore, the student must always review this syllabus.

Prerequisite:

The student should already complete the prerequisite of this course which is the financial management; also the student should have got the basic knowledge in mathematics, statistics, and the accounting principles.

Course Description:

Along with the academic controversy about how the theory related to the practice, and whether the academic books benefits the students in the practice field; this course links the theory with the practical application. This course describes the importance of using the financial statements in business analysis and valuation. In addition, it informs the students with the strategy and industry analysis, financial ratio analysis. Then it extends into advanced topics in the prospective analysis which are the forecasting process and the valuation methods, also it extends into the security analysis, and credit analysis & distress prediction.

Course Objectives:

This course aims to enable the students to deeply perceive and understand the applications of the financial analysis in the practice. Moreover; students will be able to conclude the implications of the ratios numbers and to apply the forecasting methods that allow them to evaluate firms and equity security.

Required textbook:

Palepu and Healy (2007), "*BusinessAnalysis and Valuation: Using Financial Statements*", 4th edition, Thomson, South-Western.

Student Responsibility:

The student is expected to attend the classes regularly in order to interact in the class discussion and to take draft notes from the instructor presentation. These notes from the class discussion in addition to the textbook are considered the required material for this course and its exams. The student must take the responsibility for not attending or for any disregarding of rules and instructions; the ignorance is not an excuse. *Please don't come to the class late or leave early, and put your cell phone on the silent mode or turned off.*

Academic Misconduct:

The students' misconduct includes cheating, identity plagiarism, and annoying in the lectures or the exams. In addition, any academic dishonesty is considered as misconduct. The students' misconduct will be treated according to the punitive rules of the HashemiteUniversity which should be known by the students, and the most important thing that the students should know on the first place; is their responsibility toward themselves. They should conduct according to what is better for their interest and what is the appropriate behavior for a college student, and they must afford the consequences of their actions.

Project:

Each 4 students are required to prepare one project (Equity Report) that represents the applications for what they are learning in this course during the semester. The project mostly will be conducted step by step along with the subjects covered during the semester and the students should continually show their works to the instructor or when they are asked to do. The project is extremely important in this course because it will approve whether the student have perceive and understand the implications and the applications for what they are learning and readingin books and literature.There will be lectures devoted to illustrate the steps of the project.

Evaluations:

The students should be prepared for the exam by reading the chapters covered for the exam from the textbook; in addition, they should review their notes from the class discussions and presentations. The exams may include multiple choice questions, problem solving or essay questions. The students should take the exams at the scheduled times, in which the make-up exam will not be a good choice.

Grading Policy:

The grades in this course allocated as follows:

Midterm Exam:	30 points
Project:	30 points
Final Exam:	40 points

The grades awarded when the student completes the required exams and submits the required project and any required homework, in addition the student is required to attend the lectures and to interact in the class discussion.

Course Schedule:

The time schedule to complete the required chapters in this course is designed in which there will be additional lectures devoted for the project review at the end of the semester.

Chapter Title
Syllabus
Ch.1: A framework for business analysis & valuation using financial statements
Ch.2: Strategy analysis
Ch.5: Financial analysis
Ch.6: Prospective analysis: forecasting
Midterm Exam:
Ch.7: Prospective analysis: valuation theory & concepts
Ch.8: Prospective analysis: valuation implementation
Ch.9: Equity security analysis
Ch.10: Credit analysis & distress prediction

Financial Analysis

Term group project
Equity report (25 points)

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This project should provide the student with the following skills and techniques;

- Hands-on real world experience in the financial analysis and valuation field
- Develop business analytical skills
- Direct application of the material learned in class
- Give the student an insight about working in teams, collaboration and meeting deadlines.

This project consist of three level analysis stages

1. Business strategy analysis
2. Financial ratios analysis
3. Prospect analysis (forecasting)
4. Valuation

You are encouraged to form teams (maximum four classmates).hand in by the second week a paper with the team name and members as well as a brief on your company(s). **Visiting Amman stock exchange website is strongly encouraged.** You are welcome to my office hours or if your schedule conflicts with them, you can arrange a meeting outside my office hours**.**
I will go in more details in class as well as regular follow-ups to check the progress of your project.

Equity Report structure

❖ Cover page includes

- ➢ Company name & Logo
- ➢ Exchange market
- ➢ Ticker symbol
- ➢ Industry
- ➢ Recommendation (buy/sell/hold)
- ➢ Current price (as of __date)
- ➢ Team name

❖ **Stage One (Business strategy analysis) 30 points**

- ➢ Business Description (about the company key profit drivers)

- Industry Overview
- Assess management and competitive environment, buyers, suppliers, substitutes, etc "porter 5-forces model that tells you competitive advantage of the company"
- SWOT analysis (optional)

❖ **Stage two (Financial ratios analysis) 30 points**

- On excel create a common size income statement and Balance sheet as well as all ratios calculated using excel formulas
- Hand to me a written report of a cross sectional and time series financial analysis

❖ **Stage three (Forecasting and valuation) 30 points**

- On excel create forecasted financial statements for 5-10 years
- On excel create a sheet to value the terminal value of the company's stock using the valuation methods learned in class.
- Investment summery and investment risks

❖ **Last page (team name and all team members names)**

<u>Report organization and formatting</u> 10 points

Feel free to include charts and tables if needed. The written report should **not exceed 10 pages**. All excel work should be included in the appendixes section (you are allowed unlimited amount of appendixes The report should be written in 12 size font, Times new roman style for paragraphs and **bold** for headings and *Italicized for sub headings*