

# Syllabus

## Course description

<b>Course title</b>	<b>Modeling Financial Statement</b>
<b>Course code</b>	<b>25435_25436</b>
<b>Scientific sector</b>	SECS-P/07
<b>Degree</b>	Master
<b>Semester</b>	2 <sup>st</sup> semester
<b>Year</b>	2019-20
<b>Credits</b>	6
<b>Modular</b>	No

<b>Total lecturing hours</b>	36
<b>Total lab hours</b>	-
<b>Total exercise hours</b>	-
<b>Attendance</b>	Strongly suggested, but not required
<b>Prerequisites</b>	Advanced Accounting, Advanced Financial Statement Analysis and Advanced Corporate Finance. The knowledge and skills attained in these courses are essential in understanding how to build a financial model and interpret selective operating, credit and equity valuation data. You should also be very proficient in Excel as this course is not designed to teach it.
<b>Course page</b>	

<b>Specific educational objectives</b>	<p>Making educated decisions today by forecasting operating and financial performance is a critical exercise for owners, managers, consultants, investment bankers, creditors, equity and credit analysts, and investors such as private equity groups, hedge funds, institutional investors and individuals. As we are ineluctably constrained by our inability to predict the future, financial projections are rarely perfect. Nonetheless, we endeavor to model several scenarios predicated on historical and anticipated results to derive various conclusions. There are myriad variables, which can certainly be incorporated into projections. However, the best financial model is always the one that is stable and robust, yet simple and easy to build, navigate and audit.</p> <p>The goal of this course is to instruct step-by-step how to build a comprehensive, multi-purpose projection model in Excel and subsequently interpret selective operating, credit and equity valuation data. Based on this information, you will learn how to (i) evaluate a company's operating and financial performance, (ii) develop an appropriate capital structure by structuring debt and equity transactions which not only protect both the creditors and shareholders, but also create an appropriate risk and reward equilibrium, and (iii) formulate an educated investment opinion and propitiously time entry and exit trading points.</p>
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<b>Lecturer</b>	David M. Perkal
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<b>Scientific sector of the lecturer</b>	SECS-P/07
<b>Teaching language</b>	English

<b>Office hours</b>	please refer to the lecturer's timetable
<b>Lecturing assistant</b>	None
<b>Teaching assistant</b>	None
<b>List of topics covered</b>	<p>Introduction to the financial model</p> <p>Projecting the income statement</p> <p>Projecting the balance sheet</p> <p>Preparing the statement of cash flows</p> <p>Summarizing the analysis</p> <p>Introduction to LTM, M&amp;A and recapitalization</p> <p>Introduction to technical analysis</p>
<b>Teaching format</b>	<p>The class lectures are based on a projection model of a fictitious publicly-traded company called Victory Sportswear, Inc. Each lecture we will deconstruct the financial model in detail and learn how to replicate it from scratch. As the process of building a projection model is a methodical, sequential process, the topics in the course will be covered in the order listed in the chart on the next page. There is no specified time frame for each step in the process as some will be covered more rapidly than others. Therefore, it is incumbent upon you to attend each lecture to ensure that you extract the most benefit from the course, and thus are able to build a financial model on your own.</p>

<b>Learning outcomes</b>	<p><b>Knowledge and understanding</b></p> <ul style="list-style-type: none"> <li>• Advanced knowledge and understanding of financial analysis models that can be used to forecast a firm's operational and financial performance</li> <li>• Advanced knowledge and understanding of how the various types of financial information disclosed by a firm can be combined and put in relations to make projections</li> </ul> <p><b>Applying knowledge and understanding</b></p> <ul style="list-style-type: none"> <li>• Ability to combine prior knowledge of financial accounting and corporate finance to make detailed projections about a firm's future performance</li> <li>• Ability to use the projection model examined in class to develop forecasts about real firms</li> </ul> <p><b>Making judgments</b></p> <ul style="list-style-type: none"> <li>• Ability to determine what information is important and what models are adequate in the analysis of specific firms</li> </ul> <p><b>Communication skills</b></p> <ul style="list-style-type: none"> <li>• Ability to communicate effectively in writing and orally about technical and quantitative matters.</li> </ul> <p><b>Learning skills</b></p> <ul style="list-style-type: none"> <li>• Ability to search for and find the information necessary for completing in-depth financial analysis.</li> </ul>
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<b>Assessment</b>	<p>Your grade is based on a class project which includes two or three reports and a presentation. A percentage of your grade will also be based on your attendance, participation and professionalism. The class project will provide you with the opportunity to apply the skills and analytical techniques learned in the classroom to an actual company. Upon completion of the project, you should have the confidence and ability to not only build a stable, robust projection model, but also to interpret selective operating, credit and equity valuation data. You will also have developed the written and oral communication skills necessary in your professional career.</p> <p>There will also be a final exam.</p>
<b>Assessment language</b>	English
<b>Evaluation criteria and criteria for awarding marks</b>	<p>First report on Income Statement Projections: 20%  Second report on Balance Sheet Projections and Statement of Cash Flows: 20%  Class presentation: 15%  Attendance, Participation and Professionalism (5%)  Final exam: 40%</p> <p>The exam will be offered in June and September 2019 and February 2020.</p>
<b>Required readings</b>	<p>There is no textbook for the course. During the lectures, we will be utilizing a projection model in Excel to which you will have access via the course website. Each class you will need to bring your company 10-K, most recent 10-Q and a laptop with any version of Excel with sufficient battery power to last throughout the class session as you will be required to replicate the techniques learned to build your own financial model.</p>
<b>Supplementary material</b>	TBA