COURSE DESCRIPTION

This course will teach students how to build rigorous financial models in Excel that integrate the Balance Sheet, Income Statement, and Statement of Cash Flows. Valuation is one important output of the model. Students will also learn how to model Mergers & Acquisitions in Excel. As a capstone project, students will initiate coverage on a company and write a stock report, with an accompanying financial model. The class is designed for students seeking a career in Investment Banking, Equity Research, or Private Equity.

COURSE MATERIALS

Suggested Text
For those students that would like a reference that may be useful for the course and for their career, I recommend the following:


It is probably cheapest to purchase this book directly from the website for about $95.

Blackboard Account: (*IMPORTANT*) Sample projects, lecture material, and other information will be placed on the Blackboard Account for the course.

Grading

Midterm (50%); Group Project & Presentation (50%)

Class Participation

Strongly encouraged and will help in borderline cases. Maximum benefit will be obtained from the instructor and students discussing their experiences, when relevant, in the context of the course material.
Rutgers Business School Honor Code Pledge

Rutgers Business School attempts to ensure that its students have a solid foundation that is grounded in integrity and respect for basic ethical principles. Rutgers University, in conjunction with RBS, has established an Honor Code that includes this pledge:
“I pledge, on my honor, that I have neither received nor given any unauthorized assistance on this examination (assignment).”

RBS requests that all faculty add the Honor Pledge and Academic Integrity website link to their syllabi. The link is: [http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers](http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers)

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Group Project

(Group of 2 students) Write a stock report valuing the publicly traded firm of your choice. Your analysis should be based on fundamental analysis, current events, industry trends and your own opinions. **You must also electronically submit a working financial model in Excel for your firm, since this is one of the primary goals of the class.** The bulk of the grade will be based on content, but your paper should also be well written and look professional. You should supplement your report with charts and tables to support your case. **No two groups may select the same company and companies will be approved on a first come first serve basis.** *Approximate length of paper: 15-20 pages.*

The **PROJECT IS DUE NOVEMBER 19th** and there will be a penalty for lateness. All students in the group will receive the same grade regardless of the amount of work done; therefore choose your partner wisely. Sample “A grade” reports will be placed on the course **Blackboard Account.**

The ability to contribute to and impress others at meetings is an essential business skill. Therefore, the last two weeks of regular class will be devoted to a discussion of the projects. Each group will present their findings in a crisp 10-minute oral presentation. Everyone in the group must speak. The project is worth 50% of your grade (with the bulk accounted for by the written report /model).

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OUTLINE FOR BUSINESS VALUATION (TENTATIVE)

To get the maximum benefit from the course, it is strongly recommended that you read the appropriate PowerPoint presentations and / or Excel spreadsheets for each topic (these may be found on the **Blackboard Account**).

**Sep 3:** Introduction to the Course; Excel Fundamentals

**Sep 10:** Accounting Fundamentals  
McCaniff and Castillo, Chapters 3 & 24

**Sep 17:** Financial Modeling & Valuation: Part 1 (Also you must select your partner for the group project by this class)  
McCaniff and Castillo, Chapters 8 & 11
Sep 24: Financial Modeling & Valuation: Part 2
McCaniff and Castillo, Chapters 8 & 11

McCaniff and Castillo, Chapters 8 & 11

Oct 8: Comparable Company Analysis
McCaniff and Castillo, Chapters 9 & 10

Oct 15: MIDTERM

Oct 22: Analysis of Business Models; Review of Midterm
McCaniff and Castillo, Chapter 4

Oct 29: M&A Modeling: Part 1
McCaniff and Castillo, Chapters 12 & 14

Nov 5: M&A Modeling: Part 2
McCaniff and Castillo, Chapters 12 & 14

Nov 12: Case studies of historical deals

Nov 19: (* Projects Due *) Career Panel with Guest Speaker(s) (TBD)

Nov 26: (* No class; Go to Friday classes on Wednesday *)

Dec 3: Student Presentations / Group Projects

Dec 10: Student Presentations / Group Projects