

Course Outline

Course Code	RSM 429 H1 F
Course Name	Financial Statement Analysis and Valuation
Term, Year	Fall 2025
Course Meets	Monday, 1-3pm & 3-5pm, Room WO25
Web page URL	https://q.utoronto.ca

Instructor Details

Name	Email	Office Hours	Virtual Office Link
Eszter Palancz	eszter.palancz@rotman.utoronto.ca	TBA and by appointment	Posted on Quercus

Teaching Assistants:

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Course Description

This course will help you analyze financial statements and value businesses. We will discuss how accounting standards and managerial discretion influence presented financial statements. You will understand how to interpret financial statements, analyze cash flows, make judgments about earnings quality, and uncover hidden assets and liabilities. Finally, we will use financial statement analysis prospectively to forecast and value firms using cash-flow based and accounting-based methods. You will be exposed to classic cases, as well as current research.

This course will also include a sustainability component. You will learn to identify financially material sustainability information in financial reports and gain a basic understanding of this additional dimension of corporate performance. You will also learn about the potential impacts of ESG-related issues on Financial Statement Analysis and Valuation.

Learning Outcomes

By the end of this course, students will be able to:

- Analyse industry structure and a company's strategic choices.
- Evaluate a firm's accounting and disclosure choices and learn how to adjust financial statements to ensure better comparability.
- Perform ratio analysis where a firm's operations are separated from its financing to better understand the true drivers of profitability and risk.
- Perform integrated forecasting.
- Value firms using a variety of techniques, including DCF, multiples, and abnormal earnings-based valuation methods.

Course Prerequisites

Rotman Commerce: RSM219H and RSM222H. You need to understand basic technical accounting (e.g., accrual accounting) to succeed in this course.

Course Materials

I will make slides, cases, and examples available on the course website. There will be no additional course packet, as all material will be made available online.

There is no required text for the course. However, the following is an **optional companion text** to the course:

Krishna G. Palepu, Paul M. Healy and Eric Peek, "Business Analysis and Valuation using Financial Statements: IFRS Edition. Available from the publisher Cengage and Amazon.

Required Readings

None

Evaluation and Grades

Grades are a measure of the knowledge and skills developed by a student within individual courses. Each student will receive a grade on the basis of how well they have command of the course materials, skills and learning objectives of the course.

Work	Percentage of grade	Due Date
Class Participation	5%	Ongoing
Individual Homework Assignment 1	10%	Oct. 14 at 11:59pm
Individual Homework Assignment 2	10%	Nov. 24 at 11:59pm
Group Project Presentation	15%	Nov. 10 in class
Group Project Write-Up	20%	Dec. 2 at 11:59pm
Final Exam	40%	A&S final exam period

Course Format and Expectations

Individual Homework Assignment 1 and 2

Each week we will learn new financial statement analysis skills, techniques and models. These assignments will prepare you for the final exam. The Individual Homework Assignments are based on a case or a problem and cover core components of the course.

Instructions regarding the assignments will be announced on Quercus. You will submit both assignments online.

The use of generative artificial intelligence tools and apps is prohibited in the individual homework assignments.

Group Project and Presentation

This course includes a Group Project with a Presentation.

Please form groups of 5 or 6 and designate a group representative. You should choose a publicly traded firm that uses either IFRS or US GAAP. You should not choose firms from the financial services and other regulated industries, or any firm with a negative book value of equity in the most recent five years. This is to avoid added complications in your analysis.

The group representative should email me **on or before 11:59 PM on September 18th**, with the details of the chosen firm and the names of each group member (as they appear in ROSI). Each group will analyze a different firm, therefore firm choice will be based on a first-come first-served basis. **In the email subject line, please include “RSM429 Section# - Firm Chosen”**. I will confirm the firm selection with each group by email.

Upon selecting your firm, obtain the most recent financial statements. You could use the web, as most firms have a lot of information under investor relations (IR) on their websites, or the financials are available on the EDGAR database (www.sec.gov) or the SEDAR+ database (www.sedarplus.ca). IR websites and Capital IQ have the statements in useful formats such as Excel. Any other public information available on the firm can also be used. The librarians may be able to direct you to sources of information on industries and particular firms. In addition, make use of the internet. Finally, you will also want to look at the financial statements of the firm's major competitors.

Main Objective:

In this project, your group should take the role of investment advisor to a group of investors. Your ultimate objective is to advise whether they should buy the stock of the company. To arrive at your conclusion, you will need to address a number of issues, including but NOT limited to:

1. Introduction / Industry and Strategic Analysis
2. Accounting Analysis
3. Financial Analysis
4. Forecasting
5. Valuation
6. Recommendation

You will also need to include a one-page Executive Summary that summarizes the key findings of your analysis and states your conclusion and recommendation.

There will be **two deliverables** for this project with the following grade distribution:

1. A milestone presentation in class, on November 10 (15%).
2. A final project report due on December 2 at 11:59pm. You will submit it online.

I strongly encourage you to begin working on the term project early in the course.

Students may use artificial intelligence tools when working on the group project. The use of AI should be limited to researching topics and creating an outline for an assignment. However, the final submitted assignment must be original work produced by the students alone. If AI is used, it must be documented in the appendix with proper citation. The documentation should include what tool(s) were used, how they were used, and how the results from the AI were incorporated into the submitted work.

Final Examination

The final examination will be held during the formal examination period. The date and time of the final examination will be announced by the Faculty of Arts and Science. The format of the final exam will be announced online and it will cover materials from the entire course.

Writing Assignments or Presentations

The two *Individual Homework Assignments* and the *Group Project with the Presentation* are intended to help you develop your communication skills. How well you communicate your ideas, in writing or orally, will be considered in the evaluation of the assignment. In your written assignments, you should aim for clarity, strong organization, concision, professionalism, and correct grammar. Your presentations should reflect strong planning and organization, clarity of speech, and an engaging demeanour. Sources, whether in written or presentation assignments, should always be correctly attributed.

Support is available through the RC Centre for Professional Skills (CPS) for students who would like help or feedback on their writing or speaking (presentations). CPS offers both individual and group appointments with trained writing instructors and presentation coaches who are familiar with the RC program and common types of business assignments. You can also access your college Writing Centres for help with written assignments.

You can book an appointment [with a writing or presentation coach](#) through the RC Centre for Professional Skills Writing Centre. For more information about writing centres, student supports, and study resources, see the [Writing and Presentation Coaching academic support page](#).

Team or Group Assignments

The Group Project requires students to work in teams of 5 or 6. Learning to work together in teams is a crucial transferable skill you will use not only in your coursework, but also in your future careers. Support is available if you encounter common teamwork challenges such as:

- Team members feeling left out of the team.
- Team members not responding in a timely manner to communication.
- Division or quality of work among team members being unequal or unfair.

Consult the [Centre for Professional Skills Teamwork Resources page](#) for tips, strategies, and best practices. You can also [book an appointment with a teamwork mentor](#) through the RC Centre for Professional Skills Writing Centre or by emailing rotmancommerce.teamworkhelp@utoronto.ca. Teamwork mentors can help you resolve or mitigate conflict, strategize on planning, or improve team communication.

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, consult with your Accessibility Advisor about the teamwork in this course.

Class Participation

Students are expected to prepare thoroughly and make every effort to attend every class. As class participation is a graded component of the course, students will be evaluated on the following:

- Thoughtful responses
- Understanding and analysis of topic
- Idea generation
- Promoting further discussion
- Respectful active listening
- Attentiveness

While attendance is necessary for students to participate in class discussions, attendance on its own will not result in a high participation grade. Students must actively contribute and participate by exhibiting the components listed above.

The primary goal of the individual participation portion of the grade is to reward you for your preparation and individual contribution to the learning environment. It includes, but is not limited to, asking and answering questions and participating in online polls (Poll EV).

Poll EV will be used for in-class participation on a regular basis. Instructions about Poll EV will be announced in class and posted on Quercus. If you have any concerns about participating in in-class polling, please talk to the instructor at the beginning of the term.

To earn 100% for class participation, students must contribute to in-class discussions. Students are required to bring their name cards to every class and display them visibly.

Rotman Commerce Attendance Policy

Rotman Commerce students are expected to make every effort to attend each class. Infrequently, students may miss term work, e.g., quizzes, assignments, etc., due to unplanned and extenuating circumstances and must follow the Request for Special Consideration process as outlined in their course outlines. However, Rotman Commerce will not approve any Request for Special Consideration for participation marks for missed classes. Any such request will be denied.

Missed Tests and Assignments

Students who miss a term test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration **within 2 business days** of the missed midterm/test/assignment due date.

In such cases, students must:

1. Complete the Request for Special Consideration form: <https://uoft.me/RSMConsideration>
2. Provide documentation to support the request, eg. Absence Declaration from [ACORN](#), [Verification of Illness Form](#) etc.

Please note: As of September 2023, students may use the Absence Declaration on ACORN ***one time per term*** to report an absence and request consideration. **Any subsequent absence will require a Verification of Illness form or other similar relevant documentation.**

Students who do not submit their requests and documentation within 2 days may receive a grade of 0 (zero) on the missed course deliverable.

Students who miss an assessment/deliverable for a legitimate reason and provide supporting documentation, as mentioned above, will have the % of that assessment/deliverable allocated to the final exam for the course.

Final Exams: If you miss the final exam in this course for a legitimate reason (illness, etc) you will need to contact your College Registrar to file a petition for a deferred exam. This deferred exam will be written at a later date as established by the Faculty of Arts & Science. Instructions can be found here: <https://www.artsci.utoronto.ca/current/faculty-registrar/petitions-appeals/preparing-petition>

Late Assignments

All assignments are due on the date and at the time specified in Quercus. Late submissions will normally be penalized by 20% if the assignment is not received on the specified date, at the specified time. A further penalty of 10% will be applied to each subsequent day.

Remarking Policy

Students may submit their assignments for remarking. If a student wants a specific part of the term test to be remarked, the student must e-mail the instructor the part of the response and marking key that the student is requesting to be remarked. All remark requests must be received within 10 days after the return date of the assignment. After this date, remark requests will not be considered. Please note that your mark can go up, remain the same, or go down. The instructor or TA will notify students about the status of the remark request as soon as possible.

Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

Commitment to Accessibility

The University is committed to inclusivity and accessibility, and strives to provide support for, and facilitate the accommodation of, individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University.

If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please [email Accessibility Services](#) or visit the [Accessibility Services website](#) for more information as soon as

possible. Obtaining your accommodation letter may take up to several weeks, so get in touch with them as soon as possible. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

Plagiarism Detection

Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the [University's Plagiarism Detection Tool FAQ](#) page from Centre for Teaching Support & Innovation.

Generative AI / ChatGPT

Students may use artificial intelligence tools when working on the Group Project. The use of AI should be limited to researching topics and creating an outline for an assignment. However, the final submitted assignment, including PowerPoint slides, must be original work produced by the students alone. If AI is used, it must be documented in the appendix. The documentation should include what tool(s) were used, how they were used, and how the results from the AI were incorporated into the submitted work.

The use of generative artificial intelligence tools and apps is prohibited in the Individual Homework Assignments.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

[The University of Toronto's Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic misconduct, the process for addressing academic offences and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers.

- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to) medical notes.

All suspected cases of academic dishonesty will be investigated by the procedures outlined in the [Code of Behaviour on Academic Matters](#). If you have any questions about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T or RC resources such as the RC Centre for Professional Skills, the College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit the [Information Commons Help Desk](#).

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission and may not do so unless permission is granted. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in any way. It is forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

Weekly Schedule

All pre-class material will be uploaded onto the course website prior to each class. In addition, all supplementary files will also be made available (Excel spreadsheets, etc).

Session	Date	Topic	Key dates
1	Sep 8	Introduction Strategic Analysis *Identify the firms exercise	
2	Sep 15	Strategic Analysis Accounting Analysis and Financial Manipulation *Chipotle Mexican Grill (CMG) strategy analysis	
3	Sept 22	Introduction to Sustainability Reporting ESG and FSAV	Deadline for group formation term project company selection: Sept 18 (Thursday), 11:59pm.
4	Sep 29	Accounting Analysis Accounting Adjustments	
5	Oct 6	Accounting Analysis Accounting Adjustments Public Services Librarian presentation	
	Oct. 13	Thanksgiving – No classes	Individual HW Assignment 1 due on Oct 14 (Tuesday), 11:59pm
6	Oct 20	Financial Analysis	
	Oct 27	Fall reading week – No classes	
7	Nov 3	Financial Analysis (cont.) *Presentation coaching	
8	Nov 10	Presentations	Group Presentations Bring two hard copies of the slides
9	Nov 17	Prospective Analysis: Forecasting	
10	Nov 24	Prospective Analysis: Valuation Theory	Individual HW Assignment 2 due on Nov 24 (Monday), 11:59pm
11	Dec 1	Valuation Implementation ESG Informed Valuation	
12	Dec 2 (make-up class)	Credit Analysis Review	Group Project due on December 2 (Tuesday), 11:59PM
Final Exam	TBA by A&S		

Note: Fall reading week from October 27 – October 31, no classes.
This is a tentative schedule and is subject to change.

Please note that the last day you can drop this course without academic penalty is Nov 11, 2025.



Other Useful Links

- [Become a volunteer note taker](#)
- [Accessibility Services Note Taking Support](#)
- [Credit / No-Credit in RSM courses](#)
- [Rotman Commerce Academic Support](#)
- [Where to find teaching assistant opportunities](#)

URL links for print

- ACORN: <http://www.acorn.utoronto.ca/>
- Email Accessibility Services: accessibility.services@utoronto.ca
- Accessibility Services website: <http://studentlife.utoronto.ca/as>
- University's Plagiarism Detection Tool FAQ: <https://uoft.me/pdt-faq>
- The University of Toronto's Code of Behaviour on Academic Matters: <http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>
- Information Commons Help Desk: <http://help.ic.utoronto.ca/category/3/utmail.html>
- Become a volunteer note taker: <https://studentlife.utoronto.ca/program/volunteer-note-taking/>
- Accessibility Services Note Taking Support: <https://studentlife.utoronto.ca/service/note-taking-support/>
- Credit / No-Credit in RSM courses: <https://rotmancommerce.utoronto.ca/current-students/degree-requirements/credit-no-credit-option/>
- Rotman Commerce Academic Support: <https://rotmancommerce.utoronto.ca/current-students/academic-support/>
- Book an appointment with a writing or presentation coach: <http://uoft.me/writingcentres>
- Writing and Presentation Coaching academic support page: <https://rotmancommerce.utoronto.ca/current-students/academic-support/writing-and-presentation-coaching/>
- Centre for Professional Skills Teamwork Resources page: <https://rotmancommerce.utoronto.ca/teamwork-resources>
- Book an appointment with a Teamwork Mentor: <http://uoft.me/writingcentres>