I. CONTACT DETAILS

Prof. Doron Nissim
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Office hours (604 Uris): By appointment – please send me an email to request an in-person or a Zoom meeting. In your email, please provide info re your availability.

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II. COURSE ADMINISTRATION

Course material

The course material consists of detailed presentations, a comprehensive Earnings Quality monograph (available at https://ssrn.com/abstract=3794378), class notes (mostly summaries/review of research), and many academic studies. All items are available either via hyperlinks to webpages or on Canvas (in subdirectories of the “Files” webpage). The following book is highly recommended as additional reading: Valuation: Measuring and Managing the Value of Companies, Wiley Finance, 7th Edition.

Students presentations

The format of the classes will be lecture (about 80% of class time) and student presentations (20%). Students will be divided into ten groups, and each group will be assigned a paper to present (please see the file “Presentation assignment” posted to the “Files” webpage). Each presentation should last about 30 minutes. In the presentation, you are expected to
(1) Clearly state the research question/s, explain why they are important, and describe the potential contribution given prior work;
(2) Describe the methodology used to address the research question/s and discuss potential issues and limitations;
(3) Identify the data sources;
(4) Present the key results and inferences and evaluate their appropriateness; and
(5) Be ready to answer any question related to the paper from the professor or students.

Grade and project

The grade for the course will be based on the quality of the presentation, class participation, and—primarily—a detailed, individual research proposal. The research proposal is due on December 15 (to be posted to Canvas by noon). It should be in the areas of earnings quality,
financial statement analysis or valuation and address new research questions or objectives. Specifically, the proposal should:

1. Clearly state the research question/s or objectives/s, explain its/their relevance, and describe potential contribution given prior work. This part should include a comprehensive literature review and place the proposed study within the literature. It should discuss the relevance of the study not just in the context of academic research but also in terms of how it would potentially inform practice.

2. Describe the methodology you would use to address the research question/s and discuss potential issues and limitations

3. Identify data sources, including procedures to collect data (if relevant). Be as specific as possible.

4. To the extent possible, describe the sample and discuss variable measurement and other implementation issues that may come up.

5. Discuss potential findings, related inference, and follow up analyses contingent on findings. The proposal should be about 3 single-space pages.

**Objectives**

While we will cover many academic studies, this course focuses on practical implications. Its primary objective is to give you the knowledge and skills to be able to address issues that come up in real life financial analysis and valuation. Another important objective is to improve your ability to understand and evaluate academic research that provides insight on financial analysis and valuation. This will be achieved through the class lectures, your work on the class presentation and research proposal, and by listening to your peers’ presentations. A final objective is to have you gain some practice in presenting and discussing research.

**III. DETAILED COURSE OUTLINE**

**Topic/presentation: 1. Financial Reporting**

This material was covered in the MSAFA precourse. We will not discuss this presentation in class. Please review the presentation (available on Canvas) and the readings (listed below), especially if you did not attend the precourse.

**Readings:**

**Topic/presentation: 2. Earnings Quality**

**Readings:**

**Student presentation:**

**Time:** About two and a half class meetings (7.5 hours)

**Topic/presentation: 3. Non-GAAP Reporting**

**Readings:**

**Student presentation:**

**Time:** About half class meeting (1.5 hours)

**Topic/presentation: 4. Reformulated Financial Statements and Profitability Analysis**

**Readings:**

**Student presentation:**

**Time:** About 1 class meetings (3 hours)

**Topic/presentation: 5. Fundamental Risk Analysis**

**Readings:**

**Student presentation:**
Time: About one class meeting (3 hours)


Readings:

Student presentation:

Time: About half class meeting (1.5 hours)

**Topic: 7. Forecasting**

Presentations:
7.1 Information for Forecasting
7.2 Forecasting Financial Statements

Readings:

Student presentation:

Time: About one and half class meetings (4.5 hours)

**Topic/presentation: 8. Relative Valuation**

Readings:

Student presentation:
Time: About one class meeting (3 hours)

**Topic: 9. Fundamental Valuation**

Presentations:
9.1 Fundamental Valuation Models
9.2 Implementing Fundamental Valuation

Readings:

Student presentation:

Time: About one class meeting (3 hours)

**Topic/presentation: 10. Cost of Capital**

Readings:

Students presentation:

Time: About one class meeting (3 hours)

**Topic/presentation: 11. Stock Return Predictability**

Readings:

Students presentation:

Time: About one class meeting (3 hours)
Student Presentations

Time: Two class meetings (6 hours)