



APPLIES TO ACADEMIC YEAR 2003/2004

GRA 6210 Financial Statement Analysis and Valuation

Program

N/A

Responsible for the course

Sverre Dyrnes

Department

Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

6

Objective

The collapse of Enron and Andersen. The bankruptcy of WorldCom. Accounting irregularities at Qwest and Ahold. These events have brought to our attention more than ever the significance of accounting. This course provides both a sound theoretical framework for financial statement analysis and corporate valuation and a thorough discussion of how valuations are actually done in the real world.

This course explores techniques of security analysis and focuses on the analysis of equity securities. Security analysis is an important task for research analysts, investment bankers, corporate finance specialists, mergers and acquisitions analysts, venture capitalists, and individual investors.

In this course we will present the theory behind the valuation methods. Analysts must also understand how to get information they need to be effective in their roles. We will also discuss the many different sources from which analysts can obtain information.

Prerequisites

Compulsory undergraduate courses in accounting and finance

Compulsory literature

Soffer, Leonard C. and Robin J. Soffer. 2003. *Financial Statement Analysis: A Valuation Approach*. Upper Saddle River, NJ: Prentice Hall.

Articles: A list will be provided on the first day of class

Recommended literature

Benninga, Simon Z. and Oded. H. Sarig. 1997. *Corporate finance: A valuation approach*. New York: McGraw-Hill.

Copeland, Thomas E., Tim Coller and Jack Murrin. 2000. *Valuation: Measuring and managing the value of companies*. 3rd ed. New York: Wiley.

Penman, Stephen H. 2001. *Financial Statement Analysis & Security Valuation*. Boston, Mass.: McGraw-Hill

Course outline

The course has the following outline:

- An Introduction to Security Analysis
- Business and Financial Statement Analysis
- Cash Flow Based Valuation
- Special Topics in Cash Flow Based Valuation
- Multiples Valuation

Computer-based tools

Internet and worksheets

Course structure

There are 36 contact hours and the course will start with lectures to create a basic understanding of how to interpret accounting information and how to use basic valuation models. At the start of the course the students will be allocated to teams consisting of 2-3 student. During the course the teams will be required to work with and to present case solutions.

Evaluation

Term paper, which can be done in groups of two students (100%)

Evaluation code(s)

GRA62104 100%, termpaper

Aids at the examination

Financial calculator (e.g. HP 17B)

Makeup exam

Next time the course is offered