



APPLIES TO ACADEMIC YEAR 2005/2006

GRA 6210 Financial Statement Analysis and Valuation

Program

Master of Business and Economics Program, Master of Science in Business, Master of Science in Business (Accounting and Tax), Specialization Course

Responsible for the course

Sverre Dyrnes

Department

Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

6

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

This course explores quality-of-accounting issues, techniques of security analysis and focuses on the analysis of equity securities as well on credit analysis and distress prediction. Equity analysis is an important task for research analysts, investment bankers, corporate finance specialists, mergers and acquisitions analysts, venture capitalists, and individual investors. Credit analysis is an important task for holders of debt.

Objective

The objective of this course is to help the student develop the skills necessary to interpret and analyze financial accounting information effectively and to do valuations and credit analysis.

Development of analyst skills entails understanding the concepts and procedures underlying generally accepted accounting principles used to prepare financial information, and for that reason some time is spent on reinforcing your knowledge of these principles. However, our primary emphasis is on interpretation and analysis of the resulting financial statements and notes as well as on valuations based on this financial information.

Prerequisites

Compulsory undergraduate courses in accounting and finance

Compulsory literature

Books:

Guenther, David A. 2005. Financial Reporting and Analysis ISBN 0-07-111134-4. McGraw-Hill
Palepu; Healy, Bernard. 2004. Business Analysis & Valuation: Using Financial Statements. 3rd ed.. Thomson - South-Western

Other:

Further information regarding the final list of compulsory literature will be given in class and on the course homepage/Blackboard.
Selected articles and/or chapters from books.

Recommended literature

Books:

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. 2004. Financial Statement Analysis & Security Valuation. 2nd ed.

Boston, Mass.: McGraw-Hill
Soffer, Leonard C. and Robin J. Soffer. 2003. Financial Statement Analysis: A Valuation Approach.. Upper Saddle River, NJ: Prentice Hall.

Course outline

The course has the following outline:

- I. Financial Reporting
- II. Financial Statement Analysis and Credit Analysis
- III. Valuation models

Computer-based tools

Internet and worksheets, Blackboard/homepage

Course structure

There are 36 contact hours.

I. Financial Reporting (12 contact hours). The course will start with lectures to reinforce your understanding of procedures underlying generally accepted accounting principles used to prepare financial information.

II. Financial Statement Analysis and Credit Analysis (12 contact hours). In this part you will learn how to interpret and analyse financial accounting information.

III. Forecasting and Valuation (12 contact hours). In this part you will learn techniques of forecasting and how to work with basic valuation models.

Evaluation

Your course grade will be based on the following activities and weights:

30 % is based on individual and/or group class work (in the form of some/all of the following: hand in of case write ups, projects, and/or homeworks; presentations of case write ups, projects, and/or homeworks; class participation; in class midterm exam and/or quizzes) and 70% is based on a written final term paper. Specific Information regarding any aspect of student evaluation will be provided in class. It is the student's responsibility to obtain this information. Please note that whilst attendance is not compulsory, it is the student's responsibility to obtain any information provided in class that is not included on the course homepage/Blackboard or mandatory literature. Homepages and/or Blackboard are not designed for the purpose of students who choose not to attend class.)

Evaluation code(s)

GRA62104 (100%)

Aids at the examination

Financial calculator (e.g. HP 17B), Bilingual Dictionary

Makeup exam

Re-takes are only possible at the next time a course will be held. When course evaluation consists of class participation or process elements, the whole course must be re-evaluated when a student wants to retake an exam. Retake examinations entail an extra examination fee. Next time the course is offered