



APPLIES TO ACADEMIC YEAR 2006/2007

GRA 6260 Business analysis and valuation HRS

Program

Master in Professional Accountancy

Responsible for the course

Sverre Dyrnes

Department

Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

One important purpose of the financial accounts is to provide users with relevant and correct information about a company's profit and financial position. There are two main groups of users who in particular use the financial accounts as an essential source of information: owners and creditors. The owners use the financial accounts for analysis and valuation purposes, while the creditors use the accounting data in their credit rating. It is crucial for the auditor to have a good understanding of the information requirements in relation to these purposes. It is also crucial to discuss the concept of accounting quality from a user's viewpoint. In addition, many of the techniques discussed in this course may be used in the auditor's own risk assessment.

Objective

The course aims to provide a systematic framework for how accounting information may be processed, interpreted and applied in various decision situations. Furthermore, the aim is to give students a detailed insight into various valuation models, and by working on cases the students will have the opportunity to apply interdisciplinary insights into various valuation situations.

Prerequisites

Mandatory courses in strategy, finance and accounting at a bachelor level.

Compulsory literature

Books:

Gjesdal, Frøystein & Thore Johnsen. 1999. Kravsetting, lønnsomhetsmåling og verdivurdering. Oslo: Cappelen Akademiske Forlag
Penman, Stephen H.. 2004. Financial Statement Analysis and Security Valuation. 2nd ed. Boston : McGraw-Hill/Irwin

Recommended literature

Books:

Koller, Tim; Marc Goedhart & David Wessels. 2005. Valuation : measuring and managing the value of companies. 4th ed. Hoboken, N.J. : Wiley
Palepu, Krishna G., Paul M. Healy, Victor L. Bernard. 2004. Business analysis & valuation : using financial statements : text & cases. 3rd ed. Mason, Ohio : Thomson/South-Western

Course outline

- Accounting and performance quality
- The relationship between generally accepted accounting practice and crucial user requirements
- Analysis of equity development
- Analysis of profit and loss account and balance sheet
- Analysis of cash flows
- Analyses of key figures
- Growth analyses
- Forecasts
- Valuation models
- Stipulation of the required rate of return
- Analysis of credit risk

Computer-based tools

Excel and financial calculator

Course structure

36 hours of lectures, teamwork, discussions and student presentations.

Evaluation

A 3-hour written examination is held at the end of the semester, which counts 40% of the final grade. The students shall also hand in a term paper at the end of the semester, which counts 60% of the final grade. The term paper is to be written in teams. Both evaluations must be passed to obtain a final grade in the course.

Evaluation code(s)

GRA 62601

Aids at the examination

Advanced calculator

Makeup exam

A re-take is held in connection with the regular scheduled exam in the course. If the course evaluation consists of class participation or process elements, the whole course must be evaluated if a student wants to retake an exam.

Academic honesty and trust are important to all of us as individuals, and they are encouraged and promoted by the honor system. This is a most significant university tradition. The honor system is the responsibility of students. As faculty, we share the commitment to the ideals of the honor system.

At no time should notes or papers or personal consultations based on previous semesters of this course be used. As part of the honor code papers handed in as part of the course is, at the discretion of the professor, scanned for plagiarism. We are using Safe Assignment in Black Board for this purpose. Any violation of the honor code will be dealt with in accordance with BI's procedures on cheating. These issues are a serious matter to everyone associated with the program. They are at the heart of the Honor Code and academy integrity. If you have any questions about your responsibilities under the honor code, please ask.