



APPLIES TO ACADEMIC YEAR 2013/2014

GRA 6212 Financial Reporting and Analysis

Programme

Master of Science in Business, Specialization Course, Master of Science in Business (Business Law - Tax and Accounting)

Responsible for the course

Hans Robert Schwencke, Sverre Dyrnes

Department

Department of Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

6

Language of instruction

English

Introduction

Financial statement analysis has proven to be useful in a wide range of business decisions. Equity analysts use it as a foundation for their projections of the earnings potential of a company. Credit analysts use it as a tool to analyse operating and financial risks and to determine whether loans should be granted or extended.

The annual report is the primary document in financial statement analysis. This course adopts a user's perspective in reviewing accounting practices, procedures and disclosure requirements. We will not discuss the mechanics that the companies go through in preparing the information included in annual reports. Instead, we will examine where to find the information and what it indicates about the structure, strategy and performance of the company.

This course does not address the theory of, nor the quantitative techniques used in valuing securities. This is the main objective in course GRA 6210 Business Analysis and Valuation Using Financial Statements. Instead, the course demonstrates how financial information can be used to evaluate a company's past performance and present circumstances to be able to contemplate what might transpire in the future. At that point, the mission of financial statement analysis is accomplished.

Learning outcome

The objective of this course is to enable you to comprehend and critically evaluate the financial information included in corporate annual reports. In this course you will learn financial statement analysis from the point of view of the primary and everyday users of financial statements: company managers, lenders and stock analysts.

Prerequisites

Bachelor degree qualifying for admission to the MSc Programme. Compulsory undergraduate courses in accounting and finance.

Compulsory reading

Books:

Petersen, Christian V. and Thomas Plenborg. 2012. Financial statement analysis : valuation, credit analysis, executive compensation. Financial Times Prentice Hall

Recommended reading

Books:

Guenther, David A. 2005. Financial reporting and analysis. McGraw-Hill/Irwin
Stickney, Clyde P., Paul R. Brown, James M. Wahlen. 2007. Financial reporting, financial statement analysis, and valuation : a strategic perspective. 6th ed. Thomson South Western
White, Gerald I., Ashwinpaul C. Sondhi, Dov Fried. 2003. The analysis and use of financial statements. 3rd ed. Wiley

Course outline

- Financial Statement Analysis: An Introduction
- Financial Statements and the Annual Report

- Understanding the Income Statement, the Balance Sheet and the Cash Flow Statement
- Reformulation of the Balance Sheet, the Income Statement and the Cash Flow Statement
- Financial Statement Analysis
- Decision Making
- Accounting Flexibility and Accounting Quality Analysis

Computer-based tools

Excel, It's learning

Learning process and workload

A course of 6 ECTS credits corresponds to a workload of 160-180 hours.

There will be a mixture of lectures and case presentations/discussions. At the start of the course the students will be allocated to teams consisting of 3-5 students. During the course the teams will be required to work with and to present case solutions.

For all students to obtain maximum benefit from this class it is essential that each student participates. Please check It's learning before the start of the course to get the schedule. The course starts immediately at the beginning of the semester.

Please note that it is the student's own responsibility to obtain any information provided in class that is not included on the course homepage/It's learning or text book.

Examination

Your course grade will be based on the following activities:

- Individual and/or group class work in the form of a mix of some/ all of the following: hand in of case write ups, projects, and home works; case presentations and discussions as well as class participation.
- Written final term paper.

Specific information regarding student evaluation beyond the information given in the course description will be provided in class. This information may be relevant for requirements for term papers or other hand-ins, and/or where class participation can be one of several elements of the overall evaluation.

This is a course with continuous assessment (several exam elements) and one final exam code. Each exam element will be graded using points on a scale (e.g. 0-100). The elements will be weighted together according to the information in the course description in order to calculate the final letter grade for the course. You will find detailed information about the point system and the cut off points with reference to the letter grades on the course site in It's learning.

Examination code(s)

GRA 62122 - Continuous assessment - Individual and/or group class work is graded pass/fail

GRA 62123 - Individual written final term paper accounts for 100 % of the final grade in the course GRA 6212.

Both parts must be passed to obtain final grade i GRA 6212 Financial Reporting and Analysis

Examination support materials

BI approved calculator and bilingual dictionary. Exam aids at written examinations are explained under exam information in the student portal @bi. Please note use of calculator and dictionary in the section on exam aids

Re-sit examination

It is only possible to retake an examination when the course is next taught.

The assessment in some courses is based on more than one exam code.

Where this is the case, you may retake only the assessed components of one of these exam codes.

Where this is not the case, all of the assessed components of the course must be retaken.

All retaken examinations will incur an additional fee.

Additional information

Honor Code

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academic integrity. If you have any questions about your responsibilities under the honor code, please ask.