



APPLIES TO ACADEMIC YEAR 2016/2017

## GRA 6273 Financial Statement Analysis and Valuation - RE-SIT EXAMINATION

### Programme

Master in Accounting and Auditing

### Responsible for the course

Sverre Dyrnes, Erlend Kvaal

### Department

Department of Accounting - Auditing and Business Analytics

### Term

According to study plan

### ECTS Credits

9

### Language of instruction

Norwegian

### Introduction

An auditor must possess strong competencies in financial statement analysis and valuation.

#### *Financial Statement Analysis:*

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.

In performing preliminary analytical procedures, financial statement analysis is an important part of understanding the client's business and assessing client business risk. Unusual changes in ratios compared to prior years or to industry averages help identify areas having increased risk of misstatements that require further attention during the audit.

An auditor also need to evaluate whether the client is likely to continue as a going concern and must therefore evaluate the financial health of the business.

#### *Valuation:*

Under IFRS 3, the acquirer shall measure the cost of a business combination allocate that cost to the assets acquired, both tangible and intangible, and the liabilities and contingent liabilities assumed. Under IAS 36, an entity is required to conduct impairment tests for its assets to see whether it has incurred any impairment losses. In recent years accounting standards have put an increased emphasis on fair value accounting.

Cost allocation under IFRS 3, impairment testing under IFRS 36 as well as fair value accounting require that auditors have good skills in applying different valuation techniques.

This course provides both a sound theoretical framework for valuation and a thorough discussion of how valuations are actually done in the real world. .

### Learning outcome

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

All courses in the Masters programme will assume that students have fulfilled the admission requirements for the programme. In addition, courses in second, third and/or fourth semester can have spesific prerequisites and will assume that students have followed normal study progression. For double degree and exchange students, please note that equivalent courses are accepted.

### Compulsory reading

#### **Books:**

Penman, Stephen H. 2013. Financial statement analysis and security valuation. 5th ed., International ed. McGraw-Hill

#### **Collection of articles:**

Samling artikler

**Other:**

I løpet av kurset kan det bli delt ut materiale på flere emner som er relevante for kurset og eksamen

**Recommended reading****Books:**

Gjesdal, Frøystein, Thore Johnsen. 1999. Kravsetting, lønnsomhetsmåling og verdivurdering. Cappelen akademisk forlag

Koller, Tim, Marc Goedhart, David Wessels. 2015. Valuation : measuring and managing the value of companies. 6th ed. Wiley

Palepu, Krishna G., Paul M. Healy, Erik Peek. 2013. Business analysis and valuation : IFRS edition. 3rd ed. Cengage learning

**Course outline**

- Use of financial statement analysis within the audit profession
- Accounting and performance quality
- Analysis of income statement and balance sheet
- Analysis of cash flows
- Analyses of key figures
- Growth analyses
- Forecasts
- Use of financial statement analysis within the audit profession
- Valuation models
- Stipulation of the required rate of return
- Analysis of credit risk

**Computer-based tools**

Not applicable

**Learning process and workload**

A course of 9 ECTS credits corresponds to a workload of 240-270 hours. lectures, teamwork, discussions and student presentations.

Please note that while attendance is not compulsory in all courses, 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**

The students shall groupwise (individually or in groups of max. 3 students) during the semester hand in two mandatory papers. These papers will count 50% of the final grade. A 3-hour individual written examination is held at the end of the semester, which counts 50% of the final grade.

Form of assessment	Weight	Group size
Term paper	25%	Optional (individual or group of max 3 students)
Term paper	25%	Optional (individual or group of max 3 students)
Written examination 3 hours	50%	Individual

Specific information regarding student assessment will be provided in class. This information may be relevant to requirements for term papers or other hand-ins, and/or where class participation can be one of several components of the overall assessment. All parts of the assessment must be passed in order to get a grade in the course. Candidates may be called in for an oral hearing as a verification/control of written assignments.

**Examination code(s)**

GRA 62732 (paper no. 1) accounts for 25% of the final grade in the course GRA 6273 (individually or in groups of max. 3 students)

GRA 62733 (paper no. 2) accounts for 25% of the final grade in the course GRA 6273 (individually or in groups of max. 3 students)

GRA 62734 (final exam 3 hours ) accounts for 50 % of the final grade in the course GRA 6273.

All evaluations must be passed in order to get a grade in the course.

**Examination support materials**

BI approved exam calculator

Bilingual dictionary

Permitted examination support materials for written examinations are detailed under examination information in the student portal @bi. The section on support materials and the use of calculators and dictionaries should be paid special attention to.

### **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. All retaken examinations will incur an additional fee. Please note that you need to retake the latest version of the course with updated course literature and assessment. Please make sure that you have familiarised yourself with the latest course description.

### **Additional information**

Honour code. Academic honesty and trust are important to all of us as individuals, and are values that are integral to BI's honour code system. Students are responsible for familiarising themselves with the honour code system, to which the faculty is deeply committed. Any violation of the honour code will be dealt with in accordance with BI's procedures for academic misconduct. Issues of academic integrity are taken seriously by everyone associated with the programmes at BI and are at the heart of the honour code. If you have any questions about your responsibilities under the honour code, please ask. The learning platform itslearning is used in the teaching of all courses at BI. All students are expected to make use of itslearning.