

# Syllabus

for course at advanced level

**Financial Statement Analysis**

**Redovisningsanalys**

**7.5 Higher Education**

**Credits**

**7.5 ECTS credits**

**Course code:**

FE4429

**Valid from:**

Autumn 2019

**Date of approval:**

2016-06-13

**Changed:**

2019-03-18

**Department**

Stockholm Business School

**Main field:**

Företagsekonomi

**Specialisation:**

A1N - Second cycle, has only first-cycle course/s as entry requirements

## Decision

This syllabus was approved by the Educational Committee of the Stockholm Business School, Stockholm University, 2016-06-13. Last revision made by the Head of Stockholm Business School, Stockholm University, 2019-03-18.

## Prerequisites and special admittance requirements

Bachelor's degree consisting of at least 180 credits, including 60 credits in Business Administration. English 6 or equivalent.

## Course structure

| Examination code | Name                         | Higher Education Credits |
|------------------|------------------------------|--------------------------|
| 4429             | Financial Statement Analysis | 7.5                      |

## Course content

The overall aim of the course is to develop the student's theoretical and practical knowledge in financial statement analysis and valuation with a clear focus on accounting issues in listed companies (IFRS). After completion of the course the students are expected to explain and understand how IFRS accounting issues interact with financial statement analysis and company valuation.

The course is delivered through lectures, computer lab seminars, group assignments, quizzes and a written exam. The lectures provide an overview of the three different topics - accounting, financial analysis and company valuation. The computer lab seminars provide opportunity to practice the quantitative parts by applying a computer model for financial analysis and discounted cash flow valuations. The group assignments are focused on an analysis and valuation of listed companies with IFRS issues involved.

## Learning outcomes

Intended Learning Objectives

The overall aim of the course is to develop the student's theoretical and practical knowledge in accounting, financial analysis and company valuation. Upon completion of the course, students should be able to:

Knowledge and understanding

1. Explain and understand the conceptual framework underlying accounting issues, financial analysis and

company valuation.

#### Skills and abilities

2. Apply a discounted cash flow model in a real life setting and produce reasonable explanations to how accounting issues affect the analysis and valuation.

3. Put their knowledge into practice as they apply their computer model on existing companies.

#### Judgement and approach

4. Critically assess and evaluate the theoretical and empirical aspects related to accounting issues in analysis and valuation.

#### **Education**

The course consists of a combination of lectures, seminars and group work and requires a significant portion of self-study on the part of students. Assessment for the course will be continuous and is carried throughout the different activities of the course.

The course workload is 200 hours equivalent to 7,5 ECTS.

The language of instruction is English.

#### **Forms of examination**

Assessment for the course will be continuous and is carried throughout the different activities of the course. Each assessment task is weighted in relation to its importance in the overall assessment of the course. The student's results from these different assessment tasks are added up to a total course score corresponding to the final grade for the course.

#### Assessment tasks

The course contains the following weighted assessment tasks.

1. Individual exam: assesses intended learning outcomes 1–4; constitute 80% of the total points on the course.

2. Case-based group assignment: assesses intended learning outcomes 2, 3 and 4; constitutes 10% of total points on the course for all cases.

3. Quiz on the literature and the cases: assesses intended learning outcomes 1 and 4; constitutes 10% of the total points on the course.

#### Grading

After completion of the course, students will receive grades on a scale related to the intended learning outcomes of the course. Passing grades are A, B, C, D and E. Failing grades are Fx and F. A grade Fx can be completed for a grade E.

A course comprises 0–100 course points. Receiving a final passing grade requires  $\geq 50$  course points. The scale for the final grade is tied to fixed score intervals: A: 90-100; B: 80-89; C: 70-79; D: 60-69; E: 50-59; Fx: 45-49; F: 45. The grades correspond to the total score points a student obtains (over a total of 100) for all the weighted assessment tasks combined as part of the continuous assessment for the course.

Each assessment task is awarded 0–100 points. The score for a single assessment task is the number of points multiplied by its percentage weight, and the combined total of score points for all weighted assessment tasks for the course are added up to a final score between 0 and 100 which then translates into a corresponding final course grade between A and F.

Each assessment tasks are assessed on a 100-point scale.

The student is responsible for completing the course's assessment tasks: that a sufficient amount of course points is earned and a passing course grade is obtained. The course's final assessment task can be taken twice: 1) during the course's first scheduled occasion; and, if a passing result ( $\geq 50$  course points) was not achieved at the first occasion, 2) at the course's second, scheduled occasion. All other assessment tasks are offered once

during the course.

A passing grade (A–E) in the course is obtained when a student has achieved  $\geq 50$  course points.

A failing grade (Fx or F) in the course is obtained when a student has not achieved  $\geq 50$  course points:

- If 45–49 course points are achieved, a grade Fx is obtained, which can be completed for a grade E within 3 semester weeks after receiving instructions from the course director. If a complementary task is not completed within this time limit, and the course's two final assessment tasks have been accomplished, the course grade Fx is confirmed, implying that the student must re-register for the course and that previously acquired course points are forfeited. Note that first-time registered students have priority access to the seminar groups.
- If 45 course points are achieved, a grade F is obtained, implying that the entire course must be retaken and that previously acquired course points are forfeited.

Re-registration implies that:

- first-time registered students have priority access to the course's group registration;
- the final assessment task can be re-assessed without attendance at any of the course's other learning activities and without points from the course's other assessment tasks accredited.

Students receiving a passing grade may not retake the final examination or complete a previously not completed assessment task to attain a higher grade. A passing grade may not be turned into a failing grade upon the request of a student.

#### Assessment criteria

Assessment criteria are designed as overall assessments, which combine qualitative descriptions of what the student is expected to do in order to demonstrate how well the course's learning outcomes are achieved. The assessment criteria are based upon the general abilities as expressed in the degree objectives of the Higher Education Ordinance (appendix 2, System of Qualifications). The list of abilities below is a compilation of these degree objectives. To pass the course (grade E) students should demonstrate general ability to:

- recall, understand and explain course content, the course subject and its scientific basis and methodology;
- apply course content;
- critically analyse course content;
- problematize course content;
- orally and in writing, present and discuss course content;
- assess course content in terms of scientific, social, and ethical aspects;
- relate course content to current social issues;
- meet standards of written presentation and formal accuracy.

The following assessment criteria are used to decide to what extent students have demonstrated these abilities and hence fulfil the course's intended learning outcomes, whereby a grading decision can be made. A higher grade-level presupposes the abilities at lower levels.

#### A (Excellent)

The student demonstrates ability to evaluate and relate to the content of the course from a comprehensive, critically reflective perspective, as well as to transfer and apply insights in new, meaningful contexts.

#### B (Very Good)

The student demonstrates ability to, from an overarching and coherent perspective of the field, understand and use concepts to explain how different aspects of the course relate to each other, interconnect and become meaningful.

#### C (Good)

The student demonstrates ability to discuss the content, tasks and complex issues dealt with in the course from several well-developed but mainly independent perspectives.

**D (Satisfactory)**

The student demonstrates satisfactory ability to discuss the content, tasks and complex issues dealt with in the course in a way that, albeit in-depth and elaborate, is decidedly one-dimensional.

**E (Sufficient)**

The student demonstrates sufficient ability to discuss the content, tasks and complex issues dealt with in the course in a way that is decidedly one-dimensional.

**Fx (Fail)**

The student's knowledge, skills and abilities display minor flaws, overall or in significant parts.

**F (Fail)**

The student's knowledge, skills and abilities display major flaws, overall or in significant parts.

**Interim**

If the course is discontinued, or its contents are substantially altered, students have the right to be examined according to this syllabus once per semester for three further semesters.

**Limitations**

If the course is discontinued, or its contents are substantially altered, students have the right to be examined according to this syllabus once per semester for three further semesters.

**Misc**

Exemption from an assessment task is granted if the student presents a valid reason and a written certification (such as illness and a medical certificate), whereupon the student may re-sit the assessment task at a later date while maintaining previously acquired course points.

Application for exemption should be submitted to the Director of Studies immediately after, or during planned absences well before, the date when the assessment task is carried out. A granted exemption expires at the end of the immediately following semester.

**Required reading**

Required Reading

Koller, Tim., Goedhart, Marc, Copeland, Thomas E., Wessels, David & McKinsey and Company (2015). Valuation : Measuring and Managing the Value of Companies., University edition (latest) Hoboken, N. J.: John Wiley & Sons Inc.

A selection of academic articles (updated each semester, see the study guide).

Recommended Reading

Literature relating to accounting standards (IFRS) issued by the International Accounting Standards Board, IASB

Penman: Financial Statement Analysis & Security Valuation, McGraw Hill, latest edition.