

IB396-15 Financial Statement Analysis and Security Valuation

20/21

Department

Warwick Business School

Level

Undergraduate Level 3

Module leader

Shahed Imam

Credit value

15

Module duration

8 weeks

Assessment

20% coursework, 80% exam

Study location

University of Warwick main campus, Coventry

Description

Introductory description

N/A.

[Module web page](#)

Module aims

The main objective of the module is to provide students with the tools to analyse firm financial performance from an equity valuation perspective and to carry out a business valuation building on this analysis. A further objective is to encourage students to use the valuation-based framework to analyse the 'quality' of accounting information and to explore empirical studies concerned with testing the value-relevance of financial statement information.

Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

1. Accounting and cash flow valuation model.

2. Financial analysts' use of financial statements: practice and evidence.
3. Reformulation of financial statements and value-based ratio analysis.
4. Implementation of accounting valuation models.
5. Accounting quality and the value relevance of accounting information.

Learning outcomes

By the end of the module, students should be able to:

- Understand and apply business valuation models that use accounting numbers.
- Gain an understanding of the importance of ratio analysis to investors and analysts and learn how to apply a value based approach to ratio analysis.
- Develop the ability to prepare a thorough valuation analysis including sensitivity analysis on the key assumptions.
- Understand the factors determining quality of accounting information from an investor perspective and gain a basic understanding of empirical research on value relevance.
- Develop ability to apply and integrate concepts from accounting and finance to the analysis of business plans and company valuation.

Indicative reading list

Penman, S, Financial Statement Analysis and Security Valuation, McGraw Hill, 3rd edition, 2007.
Selected articles from Blackwell Encyclopedia of Management, 2nd edition, 2005, Cary L Cooper and Chris Argyris (eds.), Accounting Volume, Colin Clubb (ed.).
Selected journal articles from Accounting Horizons, Review of Accounting Studies, Journal of Accounting Research.

Subject specific skills

Develop an understanding of how financial statements analysis can be linked to fundamental analysis.

Transferable skills

Demonstrate oral and written communication skills in relation to the analysis of company financial statement information from a valuation perspective.
Develop and apply modelling and spreadsheet skills to the solution of performance analysis and valuation problems.

Study

Study time

Type	Required
Lectures	8 sessions of 2 hours (11%)
Seminars	8 sessions of 1 hour (5%)
Private study	50 hours (33%)
Assessment	76 hours (51%)
Total	150 hours

Private study description

Private Study.

Costs

No further costs have been identified for this module.

Assessment

You do not need to pass all assessment components to pass the module.

Assessment group D1

	Weighting	Study time
Individual Assignment (15 CATS)	20%	15 hours
Online Examination	80%	61 hours
Exam		
~Platforms - AEP		

Feedback on assessment

Feedback via my.wbs.

[Past exam papers for IB396](#)

Availability

Pre-requisites

To take this module, you must have passed:

- All of

- [IB124-15 Introduction to Financial Accounting](#)
- [IB114-15 Financial Management](#)

Courses

This module is Optional for:

- UIBA-MN34 Law and Business Four Year (Qualifying Degree)
 - Year 3 of MN34 Law and Business Studies Four Year (Qualifying Degree)
 - Year 4 of MN34 Law and Business Studies Four Year (Qualifying Degree)
- UECA-3 Undergraduate Economics 3 Year Variants
 - Year 3 of L100 Economics
 - Year 3 of L100 Economics
 - Year 3 of L100 Economics
 - Year 3 of L116 Economics and Industrial Organization
 - Year 3 of L116 Economics and Industrial Organization
- UECA-4 Undergraduate Economics 4 Year Variants
 - Year 4 of L103 Economics with Study Abroad
 - Year 4 of LM1H Economics, Politics & International Studies with Study Abroad
 - Year 4 of LM1H Economics, Politics & International Studies with Study Abroad
 - Year 4 of L114 Industrial Economics with Study in Europe
- UECA-LM1D Undergraduate Economics, Politics and International Studies
 - Year 3 of LM1D Economics, Politics and International Studies
 - Year 3 of LM1D Economics, Politics and International Studies
- Year 3 of UIBA-MN31 Undergraduate Law and Business Studies
- UIBA-MN32 Undergraduate Law and Business Studies
 - Year 3 of MN32 Law and Business Studies (Four-Year)
 - Year 4 of MN32 Law and Business Studies (Four-Year)
- Year 5 of UIBA-MN37 Undergraduate Law and Business Studies (Qualifying Degree) with Intercalated Year
- UIBA-MN35 Undergraduate Law and Business Studies with Intercalated Year (3+1)
 - Year 3 of MN35 Law and Business Studies with Intercalated Year (3+1)
 - Year 4 of MN35 Law and Business Studies with Intercalated Year (3+1)
- Year 5 of UIBA-MN36 Undergraduate Law and Business Studies with Intercalated Year (4+1)
- USTA-G300 Undergraduate Master of Mathematics, Operational Research, Statistics and Economics
 - Year 3 of G300 Mathematics, Operational Research, Statistics and Economics
 - Year 4 of G300 Mathematics, Operational Research, Statistics and Economics
- Year 3 of UMAA-GL11 Undergraduate Mathematics and Economics
- Year 4 of UECA-GL12 Undergraduate Mathematics and Economics (with Intercalated Year)

This module is Unusual option for:

- UPHA-V7ML Undergraduate Philosophy, Politics and Economics
 - Year 3 of V7ML Philosophy, Politics and Economics (Tripartite)
 - Year 3 of V7ML Philosophy, Politics and Economics (Tripartite)

- Year 3 of V7ML Philosophy, Politics and Economics (Tripartite)

This module is Option list B for:

- USTA-Y602 Undergraduate Mathematics, Operational Research, Statistics and Economics
 - Year 3 of Y602 Mathematics, Operational Research, Stats, Economics
 - Year 3 of Y602 Mathematics, Operational Research, Stats, Economics

This module is Option list G for:

- UPHA-V7ML Undergraduate Philosophy, Politics and Economics
 - Year 2 of V7ML Philosophy, Politics and Economics (Tripartite)
 - Year 2 of V7ML Philosophy, Politics and Economics (Tripartite)
 - Year 2 of V7ML Philosophy, Politics and Economics (Tripartite)