

Module: ACC 540 Financial Statement Analysis & Equity Valuation

Contents:

This course teaches financial statement analysis in the context of equity valuation. The first part covers common tools of financial statements analyses (accounting analysis, ratio analysis, analysis of narratives) and the derivation of inputs into valuation models. Applying this knowledge, techniques for a consistent identification of free cash flows and abnormal earnings from integrated pro-forma financial statements (financial modelling and business planning) as well as the estimation of required rates of returns from capital market-based data are discussed. In the second part, methods for equity and asset valuation, in particular the cash-flow based DCF-models and the earnings-based abnormal earnings (AE) and earnings growth (AEG) models are covered. Finally, in the third part the course focuses on applications of fundamental analysis and valuation methods for equity investments and in Mergers & Acquisitions (M&A, purchase price allocation and the valuation of intangible assets).

Learning outcomes:

The students should get an in-depth understanding of the approaches and methods available for analyzing financial statements, preparing pro-forma financial statements in financial modelling and their application for valuing equity, firms and assets. They should on the one hand understand both the theoretical constructs, assumptions, and limitations behind those concepts, but should, on the other hand, also be capable to implement them (computer-based) in practice. The student's learning will be supplemented by the presentation of case-studies from valuation practice.

Prerequisites:

Formal: not taken ACC 532

Recommended: Bachelor-level knowledge of financial accounting and finance

Obligatory registration: no

Further information on registration: -

Courses	Hours per week	Self-study
Lecture	2	9
Case Studies	2	4
Exercise Session	2	4

ECTS in total 8

Form of assessment	Case study presentation (25%) and written exam (90 minutes, 75%)
Preliminary course work	-
Performing lecturer	Prof. Dr. Holger Daske (Lecture) Dr. Steffen Wagner (Case Study)
Examiner	Prof. Dr. Holger Daske
Duration of module	1 semester
Offering	Spring semester
Language	English
Program-specific educational goals	CG 1, CG 3
Grade	graded

Range of application	M.Sc. MMM, M.Sc. Bus. Edu., M.Sc. Bus. Inf., M.Sc. Econ., LL.M., M.A. K&W
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