

Valuation - 3

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Course description

This course covers current practices in corporate financial reporting and concepts related to asset measurement and income determination. The overall goal is to develop skills for the interpretation of financial disclosures to help improve risk assessment, forecasting, and decision making.

Financial reports are the primary instrument through which companies communicate their performance to outside parties. To enable meaningful comparisons across firms, standard setters have developed accounting rules. Users of financial statements need to learn these rules in order to achieve a thorough understanding of how a firm's report is linked to its underlying economic performance.

The analytical tools provided in this course should be of interest to users of financial statements who seek to monitor or assess corporate performance (analysts, investment bankers, lenders, boards of directors, etc.).

The objectives of this course are:

- Understand the usefulness and limitations of financial reporting
- Appreciate the impact of business choices and accounting methods on financial statements
- Learn how to compute and interpret financial ratios
- Understand the rationale for various accounting methods
- Develop a critical view of managers' accounting choices

Course requirements, grading, and attendance policies

Basic knowledge of financial accounting is a prerequisite for this course.

Your grade will consist of the following:

Two written group assignments	15%+15%
Class attendance and participation	10%
Written final exam	60%

Final exam. The exam is individual and closed-book. You can use a non-programmed calculator. All the course material (slides, discussions during lectures, assignments, exercises, sample exams) can be part of the examination. It is normal for the class to lag behind the course outline at times. If this happens, be assured that the final exam will not cover any topic that we have not discussed in class.

Class attendance and participation. Lecture attendance is required and active participation (e.g., asking and answering questions) is expected. Also, you should arrive to class on time and submit the assignments before the deadline.

Course contents

The following course outline represents my plan for the module, but it may be subject to change as the course progresses if, in my opinion, a change will help promote the best collective learning experience and interests of all students. Any such changes will be communicated to you via email.

Lecture #	Topics	Assignments (due before class)
1	Introduction, Income statement “geography”	
2	Ratio analysis, Core operations	
3	Credit risk, Revenue recognition	
4	Accounts receivable	Assignment #1 due
5	Fair value measurement	
6	Income tax reporting	Assignment #2 due
7	Derivatives	

Description of course methodology

Developing expertise in financial statement analysis requires a significant amount of practice. This course utilizes a combination of lectures and exercises. Further, discussing numerous real-life examples will provide opportunities to apply the concepts learnt in practical contexts.

Course materials

Required materials

Slides are provided for each topic. From time to time, I may also distribute news articles or additional readings.

Sample exam questions will be provided.

Additional materials

Recommended (not required) textbooks are:

- "Intermediate Accounting IFRS Edition" (4th edition) written by Kieso, Weygandt, and Warfield, published by Wiley.
- "Financial Reporting and Analysis" (8th edition), written by Revsine, Collins, Johnson, Mittelstaedt, and Soffer, published by McGraw-Hill.

Accounting standards issued by the International Accounting Standards Board (IASB) are available from: <https://www.ifrs.org/issued-standards/list-of-standards/>

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.