University of the West of England
BRISTOL

CORPORATE AND ACADEMIC SERVICES

MODULE SPECIFICATION

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Part 1: Basic Data						
Module Title	Financial Statement Analysis					
Module Code	UMACLK-15-M		Level	M	Version	3.3
Owning Faculty	FBL		Field	Accounting and Finance		
Contributes towards	MSc Finance, MSc Accounting and Financial Management					
UWE Credit Rating	15	ECTS Credit Rating	7.5	Module Type	Standard	
Pre-requisites	None		Co- requisites	None		
Excluded Combinations	None		Module Entry requirements			
First CAP Approval Date	26/7/12		Valid from	September 2012		
Revision CAP Approval Date	26 March 2015		Revised with effect from	September 2015		

Review Date	September 2018

Part 2: Learning and Teaching
Learning Outcomes	On successful completion of this module students will be able to: • understand the contents of a typical quoted company annual report. This requires knowledge of the key tools of financial statement analysis, including ratio analysis, equity valuation techniques, and financial statement modelling (Components A and B). • understand the impact of the macroeconomic and industry environment on investment advice for an individual company (Component B). • examine the current strategic plans of particular quoted companies and, combined with the analysis of the salient financial and non-financial characteristics of the firm, reach a conclusion as to whether that firm's shares are under or over valued by the market (Component B). • understand and be able to apply a range of equity valuation techniques such as the dividend discount model, various price and enterprise value multiples models, and free cash flow valuation (Component B). • use real company annual reports, analyst's reports and salient market intelligence on the broader industry environment, to develop students' critical skills and an appreciation of the limitations as well as the benefits of financial statement analysis (Components A and B). • present research findings to interested parties in report format (Component B). In addition the educational experience may explore, develop, and practise but not formally discretely assess the following: • competence in several areas of financial and quantitative analysis.

	involving, where appropriate, computer methods such as financial statement modelling and equity valuation. • appreciation of the key techniques of technical analysis. • understanding of a company's financial distress risk. • independent/self directed study/learning, including time management.
Syllabus Outline	• introduction to the fundamental analysis approach to investment • structured financial statement analysis, exploring how to analyse the key financial statements • analysis of the wider information in the annual report, including the narrative sections • financial ratio analysis, focusing upon profitability, investment, liquidity, gearing, and efficiency ratios • structured company analysis, examining how investment analysts construct a formal company report • structured macroeconomic and industry analysis, considering how to understand the environmental impact upon the firm's current and potential future performance and position • equity valuation techniques, including dividend models, multiples models and free cash flow models • financial statement modelling using Excel to arrive at sensible equity values and then to engage in sensitivity analyses • assessing financial and other risks, using univariate and multivariate models such as the Z-score model • technical analysis as an alternative approach to fundamental analysis • contemporary issues in financial statement analysis, including the limitations of the tools and approaches from across the syllabus and the impact of creative accounting on the financial statement analyst
Contact Hours/Scheduled Hours	• The weekly scheduled contact is 3 hours. The contact hours will be used for formal lecturing and tutorial/seminar work.
Teaching and Learning Methods	• The module is delivered by means of a lecture and tutorials. Whilst the lectures introduce students to the theoretical underpinning of the topic, the tutorial exercises and topical discussions will aid in the application of the theory framework to real world companies and engender in the students the skills and attitude of a professional investment analyst. • This 15 credit module carries an expectation of 150 hours of student input – only a minority of which are scheduled. Students are expected to commit significant time and effort outside formal sessions to textbook, financial media and journal reading as well as to tackling and reviewing problems. Whilst the lectures introduce participants to the theoretical underpinning of the topic, the tutorial exercises and topical group seminars will aid in the application of the theory framework to real world companies and engender in the students the skills and attitude of a professional investment analyst. Typically the lecture element will take up the first two hours of the weekly session, with one hour for tutorial work and discussion of coursework companies, though this format may vary depending on the topic. Some of the tutorials will take place in the FBL Trading Room and will utilise the Bloomberg database.
Key Information Sets Information	Key Information Sets (KIS) are produced at programme level for all programmes that this module contributes to, which is a requirement set by HESA/HEFCE. KIS are comparable sets of standardised information about undergraduate courses allowing prospective students to compare and contrast between programmes they are interested in applying for.

Key Information Set - Module data					
Number of credits for this module				15	
Hours to be allocated	Scheduled learning and teaching study hours	Independent study hours	Placement study hours	Allocated Hours	
150	36	114	0	150	✅

The table below indicates as a percentage the total assessment of the module which constitutes a -

Written Exam: Unseen written exam, open book written exam, In-class test
Coursework: Written assignment or essay, report, dissertation, portfolio, project
Practical Exam: Oral Assessment and/or presentation, practical skills assessment, practical exam

Please note that this is the total of various types of assessment and will not necessarily reflect the component and module weightings in the Assessment section of this module description:

Total assessment of the module:		
Written exam assessment percentage		30%
Coursework assessment percentage		70%
Practical exam assessment percentage		0%
		100%

Reading Strategy	Students will be encouraged to make full use of the print and electronic resources available to them through membership of the University. These include a range of electronic journals and a wide variety of resources available through web sites and information gateways. The University Library's web pages provide access to subject relevant resources and services, and to the library catalogue. Many resources can be accessed remotely. Students will be presented with opportunities within the curriculum to develop their information retrieval and evaluation skills in order to identify such resources effectively.

Students will be expected to utilise a range of reading and other materials to undertake further independent research to extend their familiarity and appreciation of the subject and to help them prepare for the in-course assessment on this module. To this end, extensive use will be made of Blackboard, and additionally students will also be encouraged to utilise the study skills web pages.

Essential reading: The core text will be
Palepu, K., Healy, P, Peek, E. (2013), Business Analysis and Valuation – IFRS Edition, 3rd edition, London, Thomson.
Students will be expected to purchase this core text.

Further reading: The textbook will be supplemented from time to time with specific references to articles in academic and professional journals all of which are available directly through the internet or electronically through the university library. |
| Indicative Reading List | Benninga, S. (2014) *Financial Modeling*, 4th ed, London, MIT Press. |

	Fridson, M. and Alvarez, F. (2011) *Financial Statement Analysis: A Practitioner's Guide*, 4th ed, Wiley.
	McKenzie, W. (2009) *FT Guide to Using and Interpreting Company Accounts*, 4th ed, Harlow, Financial Times / Prentice Hall.
	Alexander, D., Britton, A. and Jorissen, A. (2014) *International Financial Reporting and Analysis*, 6th Edition, Cengage Learning EMEA.
	O'Regan, P. (2006) *Financial Information Analysis*, 2nd ed, Chichester , Wiley.
	Walsh, C. (2008) *Key Management Ratios*, 4th ed, Harlow, Financial Times Prentice Hall.
	Students are also encouraged to use external finance related websites to provide additional data and news on countries, industries and companies.
	Further finance texts are of course available via UWE's e-library facilities.
	In addition, students should make full use of Datastream (available in the Library building), Osiris (available as electronic databases through the Library), and Bloomberg (available in the FBL Trading Room).

Part 3: Assessment	
Assessment Strategy	• Much of the teaching and learning is based around the analysis of case firms. The module will also be assessed directly through a case firm-based in-class test (component A) and a case firm-based individual report (component B).
	• Formative assessment is provided from the start of the module though tutorials, during which students will work through case study firm analyses and computational problems, with feedback from the tutor. A key element of this is the case firm tearsheet presentation which will take place during the tutorial sessions early in the module schedule (non assessed) .
	• The summative assessment has two components. The first component is a 1.5 hours in-class test to examine the financial ratio analysis skills of students in relation to a case company. The second component involves the submission of an individual equity analyst's report of no more than 3,000 words to examine a student-selected case company. These assessment components will enable students to demonstrate that they have achieved the learning outcomes and covered the syllabus.
	• Specific assessment criteria for both components will be published in the module handbook / outline each year.

Identify final assessment component and element	Component B		
		A:	**B:**
% weighting between components A and B (Standard modules only)		**30%**	**70%**

First Sit

Component A (controlled conditions) **Description of each element**	**Element weighting** (as % of component)
1. In-class test (1.5 hours)	100%

Component B Description of each element	Element weighting (as % of component)
1. Individual written report (3000 words)	100%

Resit (further attendance at taught classes is not required)	
Component A (controlled conditions) **Description of each element**	**Element weighting** (as % of component)
1. In-class test (1.5 hours)	100%
Component B **Description of each element**	**Element weighting** (as % of component)
1. Individual written report (3000 words)	100%
If a student is permitted an **EXCEPTIONAL RETAKE** of the module the assessment will be that indicated by the Module Description at the time that retake commences.	