

Essential concepts in financial analysis gr.3 (EM054M21A3)

Program	PGE
Module / ECTS / Path / Specialisation	Module :Essential concepts in financial analysis : 5 ECTS. <ul style="list-style-type: none">• Visitants
Discipline	Finance
Year	2019
Semester	A
Open for visitors	yes (5 ECTS)
Available places	45

Coordinator

Hava ORKUT

Lecturers

Instructor	Population	Email
Hava ORKUT	Population	horkut@unistra.fr

Course format

Working language :	English
Volume of contact hours :	27 h
Workload to be expected by the student :	108 h

Course track

Track : Autonomous

"Attendance" track :

Attendance at lecture / tutorial classes and intermediate / final exams is mandatory. As evaluation of in class work constitutes an essential element of grading, any absence will be penalized and is taken into account for grading purposes (see academic rules and regulations).

"Autonomous" track :

Attendance at intermediate / final exams is mandatory, but students are free to attend lecture / tutorial classes.

For all Master programs and all other programs realized in the form of dual internships (apprentissage), attendance at lecture / tutorial classes and intermediate / final exams is entirely mandatory. Therefore, only the "Attendance" track can be selected.

Contribution of the course to the educational objectives of the programme

How the course contributes to the programme :

LEARNING GOAL 1 : Students will master state-of-the-art knowledge and tools in management fields in general, as well as in areas specific to the specialized field of management.

Students will identify a business organization's operational and managerial challenges in a complex and evolving environment.

Students will understand state-of-the-art management concepts and tools and use them appropriately.

Students will implement appropriate methodologies to develop appropriate solutions for business issues.

Description

The course provides an overview of the key concepts used to conduct a financial and stock market analysis. The introduction points out the growing importance of reliable financial statements in a globalization context. The first part covers the financial accounts. The second part covers the most frequently used measures and techniques to conduct a financial accounts' analysis. In this section, particular attention is paid to value creation for shareholders. The last part covers the tools and techniques used to conduct a stock market analysis.

Oral interaction in class will be facilitated by the numerous quiz which will be answered.

Educational organisation

In class

Lectures

Tutorials

Others

Internship

Learning outcomes

Upon completion of this course, students should be able to :

- **Explain** the growing importance of effective accounting systems and reliable financial documents in the context of an accelerated globalization.
- **Describe** the nature of the major financial documents (income statement, balance sheet and cash flow statement), their underlying principles and respective interdependencies.
- **Demonstrate** the fundamental steps of a financial analysis (margin analysis, efficiency analysis, financing, profitability and risk analysis)
- **Compute** key financial analysis and stock market analysis indicators
- **Analyze** the accounting ratios and stock market indicators to point out the strengths and weaknesses of a financial situation
- **Distinguish** between accounting and economic indicators
- **Examine** risk measures (liquidity ratio, gearing ratio) to point out certain areas of risk such as high financial leverage and distinguish between high returns driven by risk and true value creation

Outline

I General introduction (1 hour)

II Financial accounts (6 hours)

1. Accounting: A crucial information source for decision making
2. Profit and loss statement
3. Balance sheet
4. Cash flow statement
5. Statement of changes in equity
6. Relationships between financial statements

III Financial accounts'analysis (8 hours)

1. From financial accounts to financial analysis
2. Profitability analysis
3. Efficiency analysis
4. Value creation and performance measurement
5. Risk analysis and financial leverage
6. How to conduct a financial analysis?

IV Stock market analysis (4 hours)

1. Key financial concepts for shares
2. Market multiples
3. How to conduct a stock market analysis?

V General conclusion (1 hour)

Prerequisites

Key concepts to understand :

- basic knowledge of financial statements
- Time value of money concepts (NPV, Future value)

Knowledge of :

- Basic knowledge in
- accounting
 - corporate finance

Teaching material

Documents in all formats

- Syllabus
- Transparencies in paper format
- Worksheets

Software

- Office Pack (Word, Excel, PowerPoint, Access)

Recommended reading

Major works :

CORPORATE FINANCE: THEORY AND PRACTICE (Paperback) by Pascal Quiry (Author), Maurizio Dallochio (Author), Yann le Fur (Author), Antonio Salvi (Author)
Publisher: John Wiley

CROSSKNOWLEDGE PLATFORM EM-Essential concepts in finance : the financial statements

CROSSKNOWLEDGE PLATFORM EM-Essential concepts in finance : FINANCIAL ANALYSIS

Further reading :

VERNIMMEN newsletter:<http://www.vernimmen.com/html/letter/index.php>

lettre VERNIMMEN: <http://www.vernimmen.net/html/lettre/index.php>

Further references to academic literature can be found at the end of every chapter of the VERNIMMEN textbook

Research works by EM Strasbourg :

Assessment

Intermediate evaluation / continuous assessment 1 : session n°6

written (60 min) / individual / English / weighting : 25%

This evaluation serves to measure LO1.1, LO1.2

Final assessment : exam week

written (120 min) / individual / English / weighting : 75%

This evaluation serves to measure LO1.1, LO1.2, LO1.3

Grounds for expulsion from classes

Such behaviors as...

arriving late, leaving early or unannounced leaving of the classroom during class time

disruptive eating or drinking in class

using smartphones and laptops for non class-related purposes

reading non class-related documents

chatting on non class-related issues

showing disrespect towards lecturers

... may lead to expulsion from classes.