

(AFLYST) Advanced Accounting

Title	(AFLYST) Advanced Accounting
Semester	E2022
Master programme in	Virksomhedsstudier / Virksomhedsledelse / Business Administration and Leadership / Virksomhedsledelse
Type of activity	Course
Teaching language	English
Study regulation	

REGISTRATION AND STUDY ADMINISTRATIVE

Registration	<p>Sign up for study activities at STADS Online Student Service within the announced registration period, as you can see on the Study administration homepage. When signing up for study activities, please be aware of potential conflicts between study activities or exam dates.</p> <p>The planning of activities at Roskilde University is based on the recommended study programs which do not overlap. However, if you choose optional courses and/or study plans that goes beyond the recommended study programs, an overlap of lectures or exam dates may occur depending on which courses you choose.</p>
Number of participants	
ECTS	5
Responsible for the activity	Slobodan Kacanski (kacanski@ruc.dk)
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Teachers	
Study administration	ISE Studyadministration (ise-studyadministration@ruc.dk)
Exam code(s)	U60284GB

ACADEMIC CONTENT

Overall objective	Advanced Study Course.
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Detailed
description of
content

The purpose of the Advanced Accounting course is to provide the students with the rigorous tools that are needed to carry out financial statement analysis from a decision-making perspective.

The course aims at enabling the students to analyse a firm's profitability, growth and risks, calculate and interpret financial ratios that describe a firm's economic well-being and demonstrate the ability to value firms using different valuation techniques.

The baseline objective of the course is to enable the students to read and understand financial statements. Also, the students will learn how to conduct profitability, growth, and liquidity risk analyses using financial ratios. Finally, the course will enable the students to prepare financial statements and conduct firm value estimations.

Purpose: The course aims at providing understanding of targeted tools and techniques for analysis and interpretation of financial statements for three different user-groups – equity, credit and compensation. The methods and tools presented during the course will enable the students to think critically when analysing financial data, and to make various decisions according to the objectives of the user-group.

The course will be separated into the following six logical sections:

1. The aim of the first part is to refresh the knowledge of accrual vs. cash flow based accounting, financial accounting and components of the financial statements (balance sheet, income statement, cash flow statement, and statement of changes in equity). After completing this part, the students should be able to read and understand the financial statements of a company.
2. The second part aims at enabling students to learn how and when to use profitability measures (key financial ratios) e.g., return on invested capital (ROIC) and economic value added (EVA). After this, the students should be able to compare similar firms' profitability.
3. The third part will enable the students to understand different ways of measuring growth, and learn which kind of growth is beneficial for company value, and which is not.
4. The fourth part will enable the students to learn and practice credit analysis techniques. The students will learn various techniques (ratio analysis and forecasting) of assessing a firm's credit worthiness and the risk of default. This part will enable the students to conduct simple credit analysis using financial ratios.
5. The fifth part will focus on forecasting techniques, which serve as the foundation for many business decisions (e.g., extending loans etc.). We will focus on two issues: (1) how to technically develop pro forma statements, and (2) to add realism in the projected earnings and cash flow measures. This part of the course should enable the students to develop proforma statements and articulate achievable assumptions.
6. The final part will focus on firm valuation techniques through discounting forecasted cash flows learned in the previous part. Different valuation approaches will be introduced and discussed through the strengths and weaknesses of their use in various contexts. After completing this final part, the students should be able to estimate the value of a firm.

● Moreover, several case studies will be used during the semester which purpose is to enable the students to employ learned analytical methods and techniques on actual firm data, and prepare themselves for conducting analysis on their own ● Besides of the main Carlsberg case,

	<p>other smaller cases, e.g., Rörvik Timber, Goods4U, Satair, Hartmann, DSV etc. will be used as a part of course material.</p> <p>Teaching and learning activities:</p> <ul style="list-style-type: none"> • Teaching will be conducted in a class face-to-face format • Classes will be enriched with talks and short student presentations on selected topics either regarding the theoretical or practical aspects of the study curriculum
Course material and Reading list	<p>Syllabus: Thomas Plenborg & Finn Kilnsørdal (2021). Financial Statement Analysis: valuation, credit analysis, performance evaluation, 2nd Ed. Fagbokforlaget (Chapters 1-13)</p> <p>Data and material: Text book, an integrated case study (Carlsberg) and mini-cases throughout the text will be used to demonstrate the real-world applications.</p>
Overall plan and expected work effort	<p>Study intensity:</p> <ul style="list-style-type: none"> • Teaching: 20 hours • Exercises: 20 hours • Preparation: 91 hours • Exam: 4 hours • Total: 135 hours
Format	Campus
Evaluation and feedback	<p>The activity are evaluated regularly regarding the study board evaluation procedure. The activity responsible will be orientated about a potential evaluation of the activity at semesterstart. Se link to the study board evaluation praxis here https://intra.ruc.dk/nc/for-ansatte/organisering/raad-naevn-og-udvalg/oversigt-over-studienaevn/studienaevn-for-erhvervsoekonomi-og-virksomhedsstudier/arbejdet-med-kvalitet-i-uddannelserne/</p>
Programme	<p>Central questions and problems: The central purpose of the course is to demonstrate the capacity of methods that can be used for the assessment of company accounting data for decision making applicable for different external users.</p> <p>The following themes will be discussed throughout the course: 1. Introduction to financial statement analysis 2. Introduction to financial statements and bookkeeping 3. Accrual-based versus cash-based performance measures 4. The analytical income statement and balance sheet 5. Profitability analysis 6. Growth analysis 7. Liquidity risk analysis 8. Decision making 9. Valuation 10. Cost of capital 11. Credit analysis 12. Accounting-based bonus plans for executives 13. Accounting quality</p>
ASSESSMENT	
Overall learning outcomes	<ul style="list-style-type: none"> • The students are expected to master topics in advances accounting through a learning process that will be based on research and theory driven lectures that will be mixed with exercises and cases. Lecturers will provide the students with the necessary tools to make financial analyses. The students will

	<p>have an opportunity to apply theory and use a variety of decision models in practice.</p> <ul style="list-style-type: none"> • Upon the completion of the course, the student should be able to read and understand financial statement (annual report), conduct a profitability analysis using financial ratios, conduct a growth analysis using financial ratios, conduct a liquidity risk analysis using financial ratios, prepare pro-forma (budgeted) statements, estimate firm values, perform a credit analysis, assess accounting-based bonus plans, and understand the concept of accounting quality.
Form of examination	<p>Individual written invigilated exam.</p> <p>The duration of the exam is 4 hours.</p> <p>Permitted support and preparation materials for the exam: Computer without internet access during the exam, pocket calculator, course material and own notes.</p> <p>Assessment: 7-point grading scale.</p>
Form of Re-examination	<p>Samme som ordinær eksamen / same form as ordinary exam</p>
Type of examination in special cases	
Examination and assessment criteria	<p>Assessment: - Individual assessment - Written assignment - 4 hours - On-campus - Aids: books, notes and calculator - Not allowed to use internet</p> <p>Grading is based on a 7-point grading scale.</p> <p>Assessment criteria:</p> <p>The students should:</p> <ul style="list-style-type: none"> • Demonstrate the insights into the field of financial statement analysis • Apply methods/tools to analyse financial statement of a case company • Evaluate, discuss and conclude the outcome from the analysis in a form of a report. <p>The students will be assessed based on: • the quality of analysis conducted • selection of methods and approaches for evaluations • selection of criteria used in financial statement analysis • quality of report produced as an outcome of the analysis.</p> <p>It will be assessed to which degree the student demonstrates: • capacity to individually conduct financial analysis of financial statements • capacity to interpret the results from the financial analysis of the statements • capacity to communicate the results across different stakeholders (internal and external) • suggest solutions for improvement of company performance or other interest groups outside the organisation.</p>
Exam code(s)	<p>Exam code(s) : U60284GB</p>