Aston Business School
Birmingham

BFM241 FINANCIAL ANALYSIS

Academic Year 2013/14

Number of Aston Credits:	15
Number of ECTS Credits:	7.5

Staff Member Responsible for the Module:

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Pre-requisites for the Module:

None.

Mode of Attendance:

Full-time and part-time

Module Objectives and Learning Outcomes:

The module aims to develop the student's knowledge and understanding of the techniques that may be used to analyse published financial statements and assess the current stock market valuation of major public quoted companies. Core themes include current UK financial reporting practice, taking into account the adoption of IFRS by listed companies; linking business objectives to financial decisions; the problems of measuring earnings, assets and cash flow; creative accounting and window dressing; the impact of industry type on core financial ratios; key investor ratios; financial forecasting; alternative business valuation models. A key learning outcome is the linking of content from the finance and accounting modules within the Master's programme.

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Module Content:

Week 1: Introduction to the module – what is financial analysis?

Week 2: Analysis of the narrative in company reports

Week 3: Performance analysis using the statement of profit and loss

Week 4: Linking the statement of profit and loss and statement of financial position

Week 5: Position analysis using the statement of financial position

Week 6: No lecture. Time to be spent in group coursework meetings

Week 7: Further analysis of performance using the statement of cash flows

Week 8: Business valuation (1)

Week 9: Business valuation (2)

Week 10: Summaries, conclusions and exam preparation.

Corporate Connections:

The module draws on the pronouncements of the UK and International regulatory bodies and utilizes real life cases from a range of listed companies. The module will provide valuable knowledge and skills for those students preparing for any career in finance or accounting, where understanding the nature, purpose and meaning of corporate reports is important, whether in industry or a professional services firm.

International Dimensions:

The module involves the study of a variety of methods of financial analysis, financial forecasting and shareholder value analysis. These aspects of financial analysis are examined both from the UK and international perspectives, recognising the impact of the harmonisation of financial accounting and the use of International Financial Reporting Standards as well as considering other international reporting differences.

Contribution of Research:

Where appropriate, module lecturers' own research findings and academic literature will be brought in the class for discussion.

Method of Teaching:

A mix of lectures, seminars, supervised time in workshops, and project supervision will be used. Each teaching element fulfills a different role – each of which is essential to the ability of students to follow the module.

The lectures will be used to introduce various analytical techniques, and provide comment on their theoretical basis as well as illustrating the pitfalls of their use in practice.

The lectures will be complemented by two seminar sessions on the following themes:

- Linking the narrative in annual reports to the financial statements.
- The influence of business sector on key ratios and analysis of financial performance.

Two project supervision sessions are designed to serve as direct support for the group coursework assessment which accounts for 50% of the marks for the module. In these sessions the tutor will be available to answer specific queries about the coursework project, or other module related issues. This very valuable support is aimed at providing focused technical guidance to enhance learning.

In addition to attending the various teaching sessions students are expected to engage in private study via guided reading for the lectures and seminars. The timetable will schedule three hours per week for this module, with the final hour of each week being used for seminars, supervised time in workshops and project supervision.

Method of Assessment and Feedback:

Assessment is via group coursework (50%) and individual examination (50%). Summative and formative feedback will be provided as appropriate.

The examination is a two-hour closed book examination consisting of essay and scenario based questions. The examination will be divided into sections. Section A will contain essay questions covering all topics, which test knowledge and understanding. Section B will cover financial analysis and valuation issues containing case or scenario based questions.

The coursework is a group assignment involving a group presentation and debate / discussion (worth 50% of the coursework mark).

The learning, teaching and assessment methods are appropriate to the learning objectives in that students are expected to focus on and become proficient with case based problem solving and numeric problem solving. They are also required to develop their ability to provide reasoned explanations for their solutions.

Learning Hours:

Pre-reading	25
Lectures	18
Seminars/workshops/project supervision	12
Self - study	35
Coursework meetings	20
Preparation for assignment	40
Total	**150**

The following readings are subject to change. Students should not therefore purchase textbooks prior to commencing their course. If students wish to undertake background reading before starting the course, many of the chapters/readings are available in electronic form via on-line library catalogues and other resources

Pre-reading:

Students without any prior financial accounting experience or training, or those who have not studied financial accounting for a long time, will need to do some pre-reading to familiarize themselves with the current format and content of annual reports and accounts. The following texts are recommended:

John Dunn, Financial Reporting and Analysis, John Wiley & Sons Ltd, 2010

S.David Young and Jacob Cohen, Corporate Financial Reporting and Analysis, 3rd edition, John Wiley & Sons, 2013

Students with existing knowledge are encouraged to do pre-reading which develops this by downloading two annual reports from FTSE 100 companies (but not banks or insurance companies) and making sure that you understand the basic purpose of each of the core financial statements and the key categories used for reporting financial transactions, assets or liabilities. In preparation for the module, make a note of any questions you have about things you do not understand

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Essential Reading:

There is no single suitable text book for the module, and so reference will be made to a number of texts (see below). The following readings are subject to change. Students should not therefore purchase textbooks prior to commencing their course.
If students wish to undertake background reading before starting the course, many of the chapters/readings are available in electronic form via on-line library catalogues and other resources.

Geoffrey Holmes, Alan Sugden and Paul Gee Interpreting Company Reports and Accounts, 10th edition, FT/Prentice Hall, 2008.

Geoff Black, Applied Financial Accounting and Reporting, Oxford University Press, 2004.

Barry Elliott and Jamie Elliott, Financial Accounting and Reporting, 16th edition, Prentice Hall, 2013.

David Alexander, Anne Britton & Ann Jorissen, International Financial Reporting and Analysis, 5th Edition.2011. CenGage Learning

Articles from the following Journals may be useful:

Accounting Horizons
Accounting, Auditing and Accountability Journal
British Accounting Review
Accounting Forum

Useful Electronic Sources:

Deloitte website www.iasplus.com.uk
Company Annual Reports on Line (CAROL)
Investor bulletin boards such a Motley Fool/ADVFN