

**City University of Hong Kong**

**Information on a Course  
offered by Department of Accountancy  
with effect from Semester A in 2012 / 2013**

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**Part I**

**Course Title:** International Financial Statement Analysis

**Course Code:** AC5711

**Course Duration:** 1 semester

**Credit Units:** 3

**Level:** P5

**Medium of Instruction:** English

**Prerequisites:** Nil

**Precursors:** Nil

**Equivalent Courses:** Nil

**Exclusive Courses:** Nil

**Part II**

**Course Aims**

This course aims to:

1. introduce an analytical framework for carrying out business analysis and valuation by using information provided in financial statements;
2. give students practice using standard tools of financial statement analysis with financial statements drawn from several countries;
3. give students practice on using the analysis to estimate the value of the firm and produce analyst reports on the firm
4. Introduce students to governance and risks associated with international operations of a firm.

### Course Intended Learning Outcomes (CILOs)

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

[Weighting is suggested only and can be changed at the discretion of the lecturer]

No.	CILOs	Weighting (if applicable)
1.	Use standard financial statement analysis tools including strategy analysis, accounting analysis, ratio analysis, proforma statement preparation, common-sizing based on financial statements that use IFRS and US GAAP	50%
2.	Use the analysis from 1 to estimate the value of the firm	40%
3.	Identify specific issues of governance and risks associated with multinational operations operating in an international setting	10%

### Teaching and Learning Activities (TLAs)

*(Indicative of likely activities and tasks designed to facilitate students' achievement of the CILOs. Final details will be provided to students in their first week of attendance in this course)*

CILO No.	TLAs	Hours/week (if applicable)
CILO 1	Interactive lectures, case analysis*, student presentations	
CILO 2	Interactive lectures, case analysis*, student presentations	
CILO 3	Interactive lectures	

Case Analysis refers to the analysis of actual publicly available financial statements through classroom demonstrations, student in-class discussions, and student projects.\*

**\*DEC TLA element**

### Assessment Tasks/Activities

*(Indicative of likely activities and tasks designed to assess how well the students achieve the CILOs. Final details will be provided to students in their first week of attendance in this course)*

CILO No.	Type of Assessment Tasks/Activities
CILO 1	AT1, AT2, AT3, AT4
CILO 2	AT1, AT2, AT3, AT4
CILO 3	AT1, AT2, AT3, AT4

Coursework: 60%

**AT1 Project / Case Analysis\***: Complete analysis of a company's financial statements and estimation of the value of the firm. Group presentation may be required as considered appropriate. (20%)

**AT2 Individual report** on the case analyzed in AT1. (10%)

**AT3 Midterm Test**: The midterm test will be based on the analysis of live financial statements either previously covered in class or unknown to the students. (30%)

Examination: 40% (a 3-hour examination)

**AT4 Final Examination**: A written comprehensive examination to assess students' competence level of the topics. (40%)

\*DEC AT element

Weighting breakdown for coursework assessment tasks would be decided by course lecturer.

*Students are required to pass both coursework and examination components in order to pass the course.*

**Grading of Student Achievement**: Also refer to Grading of Courses in the Academic Regulations for Taught Postgraduate Degrees.

<b>CILO No.</b>	<b>Excellent (A+, A, A-)</b>	<b>Good (B+, B, B-)</b>	<b>Adequate (C+, C, C-)</b>	<b>Marginal (D)</b>
CILO 1	Expertise in using standard financial statement analysis tools for financial statements from different regimes.	Expertise in using standard financial statement analysis tools for financial statements from different regimes, with only a few material flaws.	Adequate ability in using standard financial statement analysis tools for financial statements from different regimes.	Some ability in using standard financial statement analysis tools for financial statements from different regimes.
CILO 2	Expertise in estimating firm values	Expertise in estimating firm values, with only a few material errors.	Adequate ability in estimating firm values.	Some ability in estimating firm values.
CILO 3	Expertise in identifying specific issues of governance and risk in international operations.	Expertise in identifying specific issues of governance and risk in international operations, with only a few material flaws.	Adequate ability in identifying specific issues of governance and risk in international operations	Some ability in identifying specific issues of governance and risk in international operations

## Part III

### Keyword Syllabus

Strategy analysis, Accounting analysis, Ratio analysis, Prospective analysis, international accounting quality analysis, valuation of companies, international corporate governance analysis.

### Recommended Textbooks

1. R. Lundholm and R. Sloan, *Equity Valuation & Analysis*, 2<sup>nd</sup> Edition, McGraw-Hill, International Edition, 2007 (L) [Must buy – cases are chosen from this book. Cases will not be distributed in class. The eVal software has to be installed to prepare forecast and valuation]
2. K.G. Palepu, V.L. Bernard, P.M. Healy and E. Peek, *Business Analysis and Valuation: IFRS Edition Text and Cases (Second Edition)*, South-Western/CENGAGE Learning, 2010 [Also Must Buy]