

Module	Valuations and Securities Analysis
Course code	BAAFH-VSA
Credits	5
Important notes	Available to students who have a strong academic accounting and financial background. Please be advised that this is an Elective Module and will run only according to demand .
Allocation of marks	30% Continuous Assessment 70% Final Examination

Intended Module Learning Outcomes

On successful completion of this module, the learner will be able to:

1. Analyse the financial performance of given securities
2. Critically review equity research published by financial analysts
3. Critically assess third-party valuation reports
4. Apply techniques to value securities
5. Recognise the difficulties associated with measuring abnormal returns in fundamental and technical analysis

Module Objectives

This module provides learners with an understanding of security analysis and valuation from both a theoretical and empirical perspective. It is designed to provide the tools required to analyse the performance of securities, value securities and assess returns on active investment strategies.

Module Curriculum

Introduction to the analysis framework using financial statements

- Framework for analysis
- Business strategy analysis
- Accounting analysis
- Financial analysis
- Prospective analysis

Framework for analysis

- Industry analysis
- Competitive strategy analysis
- Sources of competitive advantage
- Achieving and sustaining competitive analysis

Financial analysis

- Accounting based measures of performance:
 - Comprehensive earnings
 - Residual earnings
 - Economic value added (EVA)
 - Accounting rates of return
- Market based measures of performance
- Comparison of accounting based and market based measures of performance

Accounting analysis

- Factors affecting accounting quality
- Assessing the quality of accounting

Prospective performance evaluation and valuation

- Forecasting: simple forecasting and full-information forecasting
- Simple forecasting techniques
- Applicability of simple forecasting for valuation
- Full-information forecasting

Securities valuation

- Valuation Methods
 - Discounted cash flow method
 - Dividend valuation methods and the discounted cash flow to equity method
 - Economic value added method
 - Abnormal earnings method
 - Abnormal operating income method
- Comparison and accuracy of methods: empirical evidence

Applications

- Mergers and acquisitions

- Reasons for mergers and acquisitions;
- Strategic and financial analysis of mergers and acquisitions
- Pricing of a merger and acquisition
- Credit analysis and distress predictions