Course information 2020-21
AC3143 Valuation and securities analysis

General information

COURSE LEVEL: 6
CREDIT: 30
NOTIONAL STUDY TIME: 300 hours

Summary
This course provides insights and understanding of security analysis and valuation from both theoretical and empirical perspectives. It is aimed at students who are interested in equity research, corporate finance and fund management.

Conditions

Prerequisites: If taken as part of a BSc degree, the following course(s) must be passed before this course may be attempted.

- FN1024 Principles of banking and finance
- and AC1025 Principles of accounting.

Aims and objectives
This course is aimed at students interested in equity research, corporate finance, and fund management. It is designed to provide the tools, drawn from accounting, finance, economics, and strategy, required to:

- analyse the performance of securities
- value securities
- assess returns on active investment strategies.

Furthermore, it provides empirical evidence on returns to fundamental and technical analysis.

Learning outcomes
At the end of the course and having completed the essential reading and activities students should be able to:

- carefully analyse the financial performance of given securities and critically review equity research published by financial analysts
- competently apply valuation technologies required in corporate finance with minimum guidance
- critically assess third-party valuation reports
- recall main insights and key facts of the fund management industry

Please consult the current EMFSS Programme Regulations for further information on the availability of a course, where it can be placed on your programme’s structure, and other important details.
• clearly recognize the difficulties associated with measuring abnormal returns in fundamental and technical analysis.

Essential reading

For full details please refer to the reading list.


Assessment

This course is assessed by a 3 hours and 15 minutes unseen written examination.

Syllabus

The analysis framework and financial statements


Introduction to stylised financial statements. Stylised profit and loss, balance sheet and cash flow statements. Accounting relations governing the stylised financial statements.


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Financial information and stock prices. Usefulness of earnings to investors: the empirical evidence from capital markets research. Earnings response coefficients. Competing hypotheses to explain the earnings response conundrum. Fundamental information analysis and stock prices.


