

Accounting

Time: 5 hours

Financial Statement Analysis and Valuation (2163)

The text may be taken away

Examination 17.05.2004

Examinator: Bo-Göran Ekholm

1. Describe the content of the five interrelated steps in financial statement analysis in accordance with Stickney & Brown.
2. Describe the relationship between the return on equity (ROE / ROCE) and the return on invested capital (ROI). How can the components of ROI – profit margin & capital turnover - be used in deeper analysis of the strategic possibilities of a company?
3. Analyzing bankruptcy risk; Models and research results.
4. Abnormal earnings valuation: Define the components of Ohlson's valuation model. What is the relationship between this model and Tobin's q ? Describe also how the components of the model can be measured in practice.
5. Describe other approaches to company valuation than the abnormal earnings approach. What role will financial statement analysis have with regard to them?

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