

Financial Statement Analysis and Valuation

July 12 - 30, 2021
www.fav-misu.de



Objectives

Preliminary remark:

Due to the current situation the course takes place two weeks in Munich at the LMU and one week remote. The two-weeks course phase takes place at the center of Munich and is preceded by a 1 week remote preparation phase. During the preparation phase basic key concepts will be taught online.

The Munich School of Management at LMU - one of the leading universities for Business Administration in Europe - offers a unique summer program for students from around the world. The course "Financial Statement Analysis and Valuation for Mergers & Acquisitions" takes place in the heart of Munich.

Furthermore, from the perspectives of financial analysts as well as external equity investors, we will focus on the main firm value drivers as well as forecasting and equity valuation techniques in order to develop a sound understanding of a firm's profitability and growth prospects, thereby ultimately assessing firm value.



The objectives of the course are:

- To introduce students to financial reporting as the "language of business". Participants learn to analyze and interpret financial statements in order to assess the key drivers of the underlying business
- To develop a structured forecast of the key value drivers as the most important ingredient of a company's valuation. Especially important for managers, auditors, regulators, analysts and investors
- To apply the most common valuation models to challenge the current stock prices of real-world companies. Participants are able to critically assess assumptions inherent in stock prices

Content

This course aims at making you familiar with firms' financial statements and financial statement analysis by enabling you to read and analyze them to your professional benefit. Hence, you will learn to consume, analyze and forecast financial statements. Adopting a user perspective, we move beyond the technical aspects of financial reporting and preparing accounts. Instead, based on these fundamentals, you are able to understand the firm's past business activities through the lens of financial statements. The course seeks to enable you to forecast a firm's future business activities and to conduct a sound fundamental equity valuation to challenge market prices of real-world companies.

The course contains the following building blocks:

1. Introduction

2. Accounting Basics

- Introduction to Financial Reporting
- Understanding Financial Statements

3. Financial Statement Analysis

- Business model and strategy
- Understanding past financial performance (Profitability, Margins, Leverage)
- Measurement error

4. Forecasting future performance

- Structured forecasting approach
- Line items forecasts (e.g. sales growth, profitability, leverage)

5. Valuation

- Discounted Cash Flow Valuation Approaches
- Multiple Valuation Approaches
- Explicating Uncertainty (Scenario analysis and Monte Carlo simulation)

Please see the schedule in detail on our website
<http://www.fav-misu.de/>

Academic Host

Institute for Accounting, Auditing and Analysis at the Munich School of Management at Ludwig-Maximilians-Universität München



Patronage

Prof. Dr. Thorsten Sellhorn



Lecturer

Dr. Gereon Hillert

Gereon is a Manager in EY's Valuation, Modelling and Economics practice based in Munich, Germany. Further he is lecturer in the summer schools financial statement analysis and valuation and machine learning and data analytics.

- He studied business administration with majors in Accounting and Finance at Saint Mary's University Halifax, Canada, Goethe University Frankfurt, Universidad Viña del Mar, Chile and University of Bayreuth.
- Gereon is a Manager in EY's Valuation, Modelling and Economics (VME) practice based in Munich, Germany.
- Further, he got practical experience at PwC AG, KPMG and Deutsche Bank AG in the areas of capital markets, M&A, financial due diligence and financial accounting.
- His current research interests include corporate learning and operating leverage decisions as well as disclosure policy choice and topic modelling using machine learning methods.



Dr. Andreas Woltschläger

Andreas is an Assistant Manager in KPMG's valuation team based in Hamburg, Germany. Further he is lecturer in the summer schools financial statement analysis and valuation and machine learning and data analytics.

- He studied economics and business administration with majors in Accounting and Finance at the University Paderborn, University of Bayreuth, Ludwig-Maximilians-Universität and University of Lancaster.
- Andreas is an Assistant Manager in KPMG Deal Advisory, Valuation team based in Hamburg, Germany.
- He got practical experience at Commerzbank AG, EY and Wincor Nixdorf AG in the areas of equity research, M&A, financial due diligence, valuation and group accounting.
- His current research interests include financial statement analysis, forecasting using machine learning techniques, business intelligence, corporate learning and valuation.

Course Requirements

General course requirements

The Academic Board of the LMU Munich defines the requirements and contact hours* for successful completion of the courses as follows:

- regular attendance (6 lessons max. absence)
- preparation for and active participation in seminars
- attendance and contribution to lectures
- participation in and contribution to class excursions
- self-study and homework assignments
- written assignments
- presentations

Literature

Hillert, Woltschläger, Pre-course reading guide

Textbooks – This course draws heavily on:

Lundholm/Sloan, Equity Valuation and Analysis (with eVal), 3rd edition, McGraw-Hill/Irwin 2013, ISBN: 978-0-07-352689-8. Library shelf mark: 0050/QK 620 L962(3). [Abbreviated LS]

Other Textbooks:

Penman, Accounting for Value, Columbia Business Press 2011

Penman, Financial Statement Analysis and Security Valuation, 5th edition, McGraw-Hill Publ.Comp. 2013

Harrison, W.T., C.T. Horngren, C.W. Thomas, and T. Suwardy, Financial Accounting – International Financial Reporting Standards, 9th ed., Pearson 2014. [Harrison et al., 2014]

Berk and DeMarzo (2014)

Student Profile

Target group

We offer this program for Bachelor students from all faculties and young professionals with an interest in financial statement analysis and valuation.

Prerequisites for participation are a good command of written and spoken English. Lectures, presentations and examinations will be held in English. Even though we do not require students to submit language test results, we urge students with poor language skills to abstain from applying. Knowledge of German is not a prerequisite.

Achievements

Former participants of the MISU Finance, Accounting and Economics programs have evaluated this program very positively and recounted their experience as follows:

- “The course itself was very nice organized and executed. Gereon and Andreas were extremely knowledgeable on the subject matter. They very approachable for expert consultation”
- “Many thanks to our amazing teachers Dr. Gereon Hillert and Dr. Andreas Woltschläger!”
- “The course was an engaging way to understand technical concepts used in the industry I’m interested in and I’m thankful for my wonderful lecturers. It was a pleasure meeting my fellow course mates who hailed from all parts of the world and I enjoyed studying with them and learning from them throughout the program. Spending nearly a month in Munich was a fantastic experience as a whole and I’m glad I received the opportunity to experience German culture. I look forward to my next trip!”

Credits

Contact Hours*: 60 contact/class hours* worth up to 6 ECTS credits

- One contact/class hour comprises 45 minutes.

Credit Transfer

Most international colleges and universities accept credits from the MISU^{LMU}. However, each institution has its own policy regarding credit acceptance from other institutions. We strongly recommend that students consult their academic adviser and/or professor to receive credit transfer approval before applying to the MISU Summer Academy. Students who would like to transfer credits to their home universities should print out all documents contact the professor or study abroad adviser and ask for credit and grade approval.

European Credit Transfer system (ECTS) and ECTS Credits

The ECTS was developed in order to provide common procedures that may guarantee academic recognition for studies abroad. ECTS credits are based on the workload students need in order to achieve expected learning outcomes. The ECTS (European Credit Transfer and Accumulation System) is a standard for comparing the academic level and performance of students in Higher Education across the European Union.

Students will be awarded 1 ECTS credit for 30 hours of work, including attending classes, self-study, examinations and essays. The following chart provides grading information:

| LMU Grade | Description | Grade ECTS | US | US | Percentage |
|-----------|--------------|------------|----|-----|------------|
| 1.0 | excellent | A | A+ | 4,0 | 100 – 97 |
| 1.0 | very good | A | A | 3,9 | 96 – 93 |
| 1,3 | very good | A | A- | 3,7 | 92 – 90 |
| 1.7 | good | B | B+ | 3,5 | 89 – 87 |
| 2.0 | | B | B | 3,3 | 86 – 83 |
| 2.3 | | B | B- | 3,0 | 82 – 80 |
| 2.7 | satisfactory | C | C+ | 2,7 | 79 – 77 |
| 3.0 | | C | C | 2,3 | 76 – 73 |
| 3.3 | | D | C- | 2,0 | 72 – 70 |
| 3.7 | sufficient | E | D+ | 1,3 | 69 – 67 |
| 4.0 | | E | D | 1,0 | 66 – 60 |
| > 4.0 | insufficient | F | E | 0,0 | 59 – 0 |
| NG | not graded | F | | 0,0 | 0 |

Grading

Grading Scale

Grades are defined from the Academic Board of the LMU in Munich according to its general grading system. The LMU differentiates 6 levels (from 1 to 6), which cover everything from introductory course work to original research. This course is offered for students having successfully completed levels 2 and 3.

| Level | Description |
|-------|--|
| 1 | Introductory course with intensive supervision; no course prerequisites; generally first year courses |
| 2 | Introductory course, independent study techniques included; no specific course prerequisites; generally second year courses |
| 3 | For advanced students, course prerequisites: successful completion of level 1 or 2; examinations test the students' ability to apply knowledge and insights to new problems; generally third year courses |
| 4 | Specialized course, course prerequisites: successful completion of level 2 or 3; extensive use of scientific articles; examination may include a small research project, an oral report or written work. This is a third year Bachelor's or first year Master's level course |
| 5 | Scientifically oriented course; course prerequisites: successful completion of level 3 or 4; use of scientific advanced literature. This is a Master's level course |
| 6 | Very advanced scientific course; latest scientific developments included; examinations consist of a contribution to an unsolved problem with an oral presentation; Master's or PhD level course |

Grading Procedure

There are three grading sections in this course:

60% = Written Exam

30% = Oral presentation, homework assignments

10% = Active participation in class and soft skills

Transcripts

Every student will receive an official transcript after the successful completion of all program requirements. The transcript will show the course name and contact hours, the number of acquired credits as well as the achieved grades.

Costs

Registration Fee

€ 100,00 registration fee (early bird)

€ 300,00 registration fee

The selection of participants will be done continuously. The registration takes place on the 'first come, first serve'- principle, given that the application meets the requirements of the program.

Tuition fee

€ 950.00 Tuition fee

Tuition includes the following:

- academic program (60 contact hours in class, 6 ECTS credits)
- course reading materials
- participation in all excursions
- mensa and cafeteria access
- internet access at the university (WiFi)
- library access
- tutors and emergency contact

Meals will not be provided. Lunch will be available at the University for approximately € 4 – € 5 per meal.

Deadlines for payment

Early bird payment deadline:

Immediately after receiving the e-mail with the admission letter (PDF), February 7, 2021 at the very latest.

Regular registration fee and tuition payment deadline:

Immediately after receiving the e-mail with the admission letter (PDF), June 7, 2021 at the very latest.

Cancellation

Cancellation before the registration closing:

The registration fee is not refundable.

All other deposits will be fully refunded.

Cancellation after registration closing:

The registration fee is not refundable.

Cancellation 4 weeks before commencement of the course:

The registration fee is not refundable.

50% of the course deposit fees will not be refunded.

Cancellation 3 days before commencement of the course:

The registration fee is not refundable.

80% of the deposit for the course fees will not be refunded.

Transportation and Infrastructure

Board

During your stay, you will be responsible in providing your own meals. During the week lunch can be purchased at one of the university's cafeterias for € 3-5.

Subway, Bus, Tram

If you want to use public transportation during your stay in Munich, we recommend a monthly pass called an 'Isarcard'. For more information and prices, please consult the website of the MVV, the Munich public transportation authority.

Housing

Due to the COVID-19 situation, the LMU does not offer accommodations. Therefore no housing fee is required and student are self-responsible for housing.

Note:

Please remember to bring any supplies you may need for enjoying Munich's outdoor bathing culture. Munich is famous for its beautiful sun bathing areas and lakes. The 'Feringasee', for example, is only 15 minutes away by bike. Many other open-air swimming areas, including the 'Isar River' flow directly through Munich, and make the city a beautiful place to enjoy during the summer.

Registration

In the interest of maintaining the program's high standards, the number of participants will be limited to 30. Application is based on a 'first come first served' basis. Only with the payments are you securing your place in the program.

The online registration process will start on the 1st of November 2021!

Deadlines for application

Early bird application deadline:

- In-class/remote Course (July 12 - July 30)
February 1, 2021

Regular application deadline:

- In-class/remote Course (July 12 - July 30)
June 1, 2021

Furthermore, we kindly ask you to prepare following information as PDF files for upload in advance:

Curriculum vitae (CV); you may use the Euro Pass format <http://europass.cedefop.europa.eu> if you do not have your own form.

Statement of motivation; Applicants should write a short statement of no more than one typed page in English as to why they wish to take part in the summer program.

Please follow this link to register:

www.fav-misu.de

Contact

Academic Contact

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