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FINANCIAL

BUSINESS

*Analysis & Valuation: Using
Financial Statements, Text and Cases*

教材与案例

运用财务报表进行 商务分析和评估

佩普(Palepu) 希利(Healy)
伯纳德(Bernard)/著

THOMSON
SOUTH-WESTERN
汤姆森学习出版集团



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运用财务报表进行商务分析和评估

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序 言

现代财务管理首创于西方，经过一百多年的不断发展和完善，形成了市场经济条件下财务管理的理论体系和方法体系。特别是20世纪50年代以后，随着跨国公司的迅猛发展和国际金融市场的不断完善，财务管理已经逐步形成一门国际化的学科。

第二次世界大战以来，随着生产的发展和科学技术的不断进步，跨国企业得到了前所未有的发展。那些大企业通过对国外直接投资，在国外设立分支机构或子公司，形成了一个从国内到国外，从生产到销售，按着自己的“全球战略”，在世界范围内追逐高额利润的独特的企业体系，这就是现代意义上的跨国公司。以跨国公司为主的国际企业的全球经营战略，必然要求财务管理与之相适应。比如，要求在全球范围内以最低的成本筹集资金，把资金投放于最有利的国家和地区，在全球范围内进行盈余分配，管好用好外汇资金等。这些都极大地促进了财务管理国际化的进程。

第二次世界大战以来，由于科技革命的影响，生产国际化提高到一个新的阶段，生产国际化又推动了资本国际化，国际资金借贷日益频繁，国际资本流动达到空前规模，极大地促进了国际金融的发展。近四十年来，国际金融交易出现了一个重大变化，这就是试图摆脱任何一国的管辖和影响，出现了新兴的国际市场——境外金融市场，如欧洲美元市场、亚洲美元市场。这种市场不受所在国金融、外汇政策的限制，可以自由筹措资金，进行外汇交易，实行自由汇率，无须缴纳存款准备金。这种金融市场最早出现在伦敦，以后在新加坡、香港等地相继开设。国际金融市场的新发展，为企业迅速筹集资金和合理运用资金提供了方便条件，但同时也对企业财务管理提出了新的要求，促进了财务管理国际化的发展。

财务管理的历史本来就是一部国际化的历史。通常，人们都认为现代财务管理于19世纪末产生于美国，并迅速传入欧洲。英国把财务管理的原理传入了印度及其他英联邦国家。二次大战后，亚洲的日本、韩国、台湾和香港由于吸收了欧美财务管理的方法，极大地促进了上述国家和地区的财务管理的发展。与此同时，前苏联在吸收欧美财务管理基本原理的基础上，集合社会主义国家财务活动的特点，建立了社会主义国家的财务管理体系，并将其迅速传入东欧和中国等社会主义国家，推动了社会主义国家财务管理的形成和发展，受上述传播的影响，到目前为止，财务管理的一些基本原理在各国大致相同。例如，财务分析中的比率分析原理，财务计划中的平衡原理，财务控制中的分权原理，财务决策中的风险原理都基本一致。可以说，财务管理的基本原理和方法是国际性遗产，它属于全人类。科学地吸收现代西方财务管理的精华，对完善我国财务管理理论，指导财务管理实践都具有重要意义。

据我们所知，当前影印或翻译的有关工商管理丛书、会计丛书很多，但财务管理方面的丛书还没有见到，中信出版社此次影印的“现代企业财务管理丛书”，在这方面填补了空白。

这套丛书的作者，皆为世界财务管理学界知名教授。他们这些教材，在世界各地大学广泛使用，被证明是结构合理、资料丰富、语言精练、通俗易懂的优秀教材。我认为，本套丛书的出版，不论是对中国财务管理教育还是财务管理的实践，都将起到极大的推动作用。

王化成

2002年春于中国人民大学商学院

preface

Financial statements are the basis for a wide range of business analysis. Managers use them to monitor and judge their firms' performance relative to competitors, to communicate with external investors, to help judge what financial policies they should pursue, and to evaluate potential new businesses to acquire as part of their investment strategy. Securities analysts use financial statements to rate and value companies they recommend to clients. Bankers use them in deciding whether to extend a loan to a client and to determine the loan's terms. Investment bankers use them as a basis for valuing and analyzing prospective buyouts, mergers, and acquisitions. And consultants use them as a basis for competitive analysis for their clients. Not surprisingly, therefore, we find that there is a strong demand among business students for a course that provides a framework for using financial statement data in a variety of business analysis and valuation contexts. The purpose of this book is to provide such a framework for business students and practitioners.

The first edition of this book has been successful well beyond our original expectations. The book has been used in Accounting and Finance departments in business schools in the U.S. and around the world.

CHANGES FROM THE FIRST EDITION

Many of our colleagues who used the first edition provided us with valuable feedback. Based on this feedback, we made the following changes:

- We expanded the coverage of accounting issues in the text. There are now five new chapters that provide analytical approaches to evaluating a firm's accounting choices and estimates with respect to assets, liabilities, entities, revenues, and expenses. The materials in these chapters cover a variety of accounting transactions.
- We expanded and revised extensively the chapters on valuation in order to make the material more accessible, and also to reflect the growing body of accounting research in this area.
- We included a discussion of corporate strategy in the strategy analysis chapter. In the previous edition, we focused only on industry analysis and the competitive positioning of a company in a single industry. The new material helps students analyze multibusiness organizations as well.

- We used a variety of company situations to help illustrate the concepts. In the previous edition, we used one company example throughout the book.
- We included fifteen new cases in this edition. However, we also retained several popular cases from the previous edition because they have proved to be very effective for many instructors.
- To facilitate the selection of cases, we paired each chapter with a case that we think is best suited to illustrate the concepts in that chapter. However, to retain some flexibility for instructors, we also included a set of multipurpose cases at the end of the book.
- To supplement the cases, we added conceptual questions and problems at the end of each chapter. These questions can be used in class discussions or for after-class assignments.

KEY FEATURES

This book differs from other texts in business and financial analysis in a number of important ways. We introduce and develop a framework for business analysis and valuation using financial statement data. We then show how this framework can be applied to a variety of decision contexts.

Framework for Analysis

We begin the book with a discussion of the role of accounting information and intermediaries in the economy, and how financial analysis can create value in well-functioning markets. We identify four key components of effective financial statement analysis:

- Business Strategy Analysis
- Accounting Analysis
- Financial Analysis
- Prospective Analysis

The first of the components, business strategy analysis, involves developing an understanding of the business and competitive strategy of the firm being analyzed. Incorporating business strategy into financial statement analysis is one of the distinctive features of this book. Traditionally, this step has been ignored by other financial statement analysis books. However, we believe that it is critical to begin financial statement analysis with a company's strategy because it provides an important foundation for the subsequent analysis. The strategy analysis section discusses contemporary tools for analyzing a company's industry, its competitive position and sustainability within an industry, and the company's corporate strategy.

Accounting analysis involves examining how accounting rules and conventions represent the firm's business economics and strategy in its financial statements, and, if nec-

essary, developing adjusted accounting measures of performance. In the accounting analysis section, we do not emphasize accounting rules. Instead, we develop general approaches to analyzing assets, liabilities, entities, revenues, and expenses. We believe that such an approach enables students to effectively evaluate a company's accounting choices and accrual estimates, even if students have only a basic knowledge of accounting rules and standards.

Financial analysis involves analyzing financial ratio and cash flow measures of operating, financing, and investing performance of a company, relative either to key competitors or historical performance. Our distinctive approach focuses on using financial analysis to evaluate the effectiveness of a company's strategy and to make sound financial forecasts.

Finally, under prospective analysis we show how to develop forecasted financial statements and how to use these to make estimates of a firm's value. Our discussion of valuation includes traditional discounted cash flow models as well as techniques that link value directly to accounting numbers. In discussing accounting-based valuation models, we integrate the latest academic research with traditional approaches, such as earnings and book value multiples that are widely used in practice.

While we cover all four components of business analysis and valuation in the book, we recognize that the extent of their use depends on the user's decision context. For example, bankers are likely to use business strategy analysis, accounting analysis, financial analysis, and the forecasting portion of prospective analysis. They are less likely to be interested in formally valuing a prospective client.

Application of the Framework to Decision Contexts

The next section of the book shows how our business analysis and valuation framework can be applied to a variety of decision contexts, including:

- Securities Analysis
- Credit Analysis
- Corporate Financing Policies Analysis
- Merger and Acquisition Analysis
- Management Communications Analysis

For each of these topics we present an overview chapter to provide a foundation for the class discussions. Where possible we discuss relevant institutional details and the results of academic research that are useful in applying the analysis concepts developed earlier in the book. For example, the chapter on credit analysis shows how banks and rating agencies use financial statement data to develop analysis for lending decisions and to rate public debt issues. This chapter also discusses academic research on how to analyze whether a company is financially distressed.

CASE APPROACH

We have found that teaching a course in business analysis and valuation is significantly enhanced, both for teachers and students, by using cases as a pedagogical tool. Students want to develop “hands-on” experience in business analysis and valuation so that they can apply the concepts in decision contexts similar to those they will encounter in the business world. Cases are a natural way to achieve this objective by presenting practical issues that might otherwise be ignored in a traditional classroom exercise. Our cases all present business analysis and valuation issues in a specific decision context, and we find that this makes the material more interesting and exciting for students.

To provide both guidance and flexibility in the choice of cases, we include one case at the end of each chapter, especially chosen for applying the concepts in that chapter. The multipurpose cases at the end of the book can be used with more than one chapter.

USING THE BOOK

We designed the book so that it is flexible for courses in financial statement analysis for a variety of student audiences—MBA students, Masters in Accounting students, executive program participants, and undergraduates. Depending upon the audience, the instructor can vary the manner in which the conceptual materials in the chapters, end-of-chapter questions, and case examples are used.

Prerequisites

To get the most out of the book, students should have completed basic courses in financial accounting, finance, and either business strategy or business economics. The text provides a concise overview of some of these topics, primarily as background for preparing the cases. But it would probably be difficult for students with no prior knowledge in these fields to use the chapters as stand-alone coverage of them. We have integrated only a small amount of business strategy into each case, and do not include any cases that focus exclusively on business strategy analysis.

The extent of accounting knowledge required for the cases varies considerably. Some require only a basic understanding of accounting issues, whereas others require a more detailed knowledge at the level of a typical intermediate financial accounting course. However, we have found it possible to teach even these more complex cases to students without a strong accounting background by providing additional reading on the topic. For some cases, the Teaching Manual includes a primer on the relevant accounting issue, which instructors can hand out to help students prepare the case.

How to Use the Text and Case Materials

The materials can be used in a variety of ways. If the book is used for students with prior working experience or for executives, the instructor can use almost a pure case approach,

adding relevant lecture sections as needed. However, when teaching students with little work experience, a lecture class can be presented first, followed by an appropriate case. It is also possible to use the book primarily for a lecture course and include some of the cases as in-class illustrations of the concepts discussed in the book.

Alternatively, lectures can be used as a follow-up to cases to more clearly lay out the conceptual issues raised in the case discussions. This may be appropriate when the book is used in undergraduate capstone courses. In such a context, cases can be used in course projects that can be assigned to student teams.

We have designed the cases so that they can be taught at a variety of levels. For students that need more structure to work through a case, the Teaching Manual includes a set of detailed questions that the instructor can hand out before class. For students who need less structure, there are recommended questions at the end of each case.

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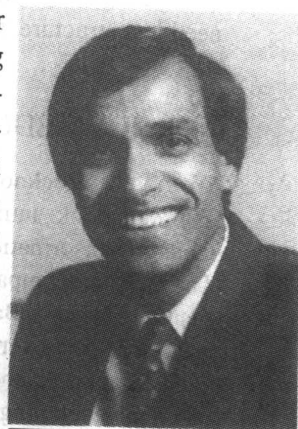
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Vic Bernard, who passed away November 14, 1995, was a CPA and held a PhD from the University of Illinois. He was the Price Waterhouse Professor of Accounting and Director of the Paton Accounting Center at the University of Michigan and Director of Research for the American Accounting Association. His research examined issues in financial reporting, financial statement analysis, and financial economics. He received the Notable Contributions to Accounting Literature Award in 1991, 1993, and 1999, the Outstanding Accounting Educator Award in 1997, and the Wildman Award in 1997.

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1

Framework

Chapter 1 A Framework for Business Analysis and Valuation Using Financial Statements

The purpose of this chapter is to outline a framework for financial statement analysis. The framework is based on the following principles:

- Available data on public corporations' economic activities, financial statements, and other information is used to assess the firm's performance and position.
- A variety of questions can be addressed by examining financial statements.
- A security analyst may need to know the firm's performance and position to make an investment decision.
- What is the value of the firm's stock given my assessment of the firm's current and future performance?
- A loan officer may need to ask: "What is the credit risk involved in lending a certain amount of money to the firm? How well is the firm managing its financial affairs?"
- A vendor may want to know: "What is the firm's business mix? What is the firm's financial leverage by all firm's financing and dividend policies?"
- A management consultant might ask: "What is the firm's position in the industry in which the firm is operating? What are the firm's strengths and weaknesses?"
- A corporate manager may ask: "Is my firm properly valued by the market? Is the firm's stock price a fair reflection of its intrinsic value?"
- A corporate manager might ask: "Is this firm a potential takeover target? How much value can be added if we acquire this firm? How can we finance it?"
- An independent auditor would want to ask: "Are the accounting practices and estimates in the company's financial statements consistent with the underlying facts of the business and its recent performance? Do these financial statements communicate the current status and significant risks of the business?"

Financial statement analysis is a valuable activity which managers have come to rely on as a firm's strategy and a variety of institutional factors make it a necessary part of the firm's decision-making process. In this chapter, we will discuss the role of financial statements and the key analysis techniques used to understand the contribution that financial statements can make to the firm's performance and position.

Important to understand the role of financial reporting in the functioning of capital markets.