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# SCLE Revision:

## Financial Statement Analysis and Asset Valuation (Module 7)

**Delivering Professional Excellence**

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# Financial Statement Analysis and Asset Valuation (Module 7)

## **Programme Objective**

This course equips participants with comprehensive understanding and knowledge based on the Module 7 Study Outline. Participants will advance their knowledge and comprehension further via an interactive teaching and learning experience while increasing their confidence in sitting for the examination. This course will be facilitated by an experienced and qualified trainer.

## **Programme Overview**

This 2½ -day course is designed to match the licensing study outline for Module 7 on financial statement analysis and asset valuation. It covers the fundamental aspects of financial statements, investment analysis, relevant accounting policies and treatments for financial reporting, characteristics of fixed income and equity securities, time value of money and valuation methods.

# Financial Statement Analysis and Asset Valuation (Module 7)

## Learning Outcome

Candidates are expected to have good knowledge, understanding and ability to apply in the following areas:

- Users and uses of financial statements in financial and investment analysis
- Important accounting policies or choices and treatment of accounting information for financial reporting purposes including explaining the reasons for usage and demonstrating the ability to deal with adjustments necessary for purposes of comparability
- Company financial and company information or other crucial factors such as industry position and economic outlook, necessary for relevant and reliable assessment of the company's performance
- Limitations of the use of financial statements and related important accounting issues when interpreting financial statements for informed investment decision making
- Elements and characteristics of fixed income and equity securities which is linked to the purposes of financial and investment planning
- Concepts of time value of money in pricing and the valuation of fixed income and equity securities
- Methods and indicators, including their required adjustments, to assess the company financial performance or gain greater insight into company operating results
- Fixed income and equity securities, including derivatives based on various methods of valuation and examining the factors affecting pricing

## Candidates' Prerequisites

Candidates are expected to have relatively strong capability in the application and analysis of information provided in this outline and its reference.

## Methodology

This course will be delivered using effective learning methods which include presentations, discussions and review examination questions.

## Programme Details

### Venue

Securities Commission (SC)

### Target audience

Candidates preparing for the Module 7 SC Licensing Examination  
New entrants to the capital market industry and staff of investment banks

### Number of participants

Maximum of 25 participants

### Duration

2 ½ days:

0900 – 1730 (Day 1)

0900 – 1745 (Day 2)

0900 – 1235 (Day 3)

### Trainer

To be advised upon confirmation

## Financial Statement Analysis and Asset Valuation (Module 7)

<b>PROGRAMME – DAY ONE</b>	
8.30 am	Registration
9.00 am	<p><b>Importance of Financial Statement Analysis</b></p> <ul style="list-style-type: none"> <li>• Importance of Financial Statement Analysis</li> <li>• Financial Statement Analysis within a Wider Context</li> <li>• Relationship between Share Price and Company Profits</li> <li>• Introduction to Financial Statements</li> <li>• Pre-requisites for Drawing up Financial Statements</li> <li>• Financial Reporting Framework</li> <li>• Auditor’s Report</li> <li>• Other Information in the Annual Report</li> </ul>
10.45 am	Refreshments
11.00 am	<p><b>Elements of Financial Statements</b></p> <ul style="list-style-type: none"> <li>• Introduction to the Balance Sheet/<i>Statement of Financial Position</i></li> <li>• Items in the Balance Sheet/<i>Statement of Financial Position</i></li> <li>• Introduction to Income Statement/<i>Statement of Comprehensive Income</i></li> <li>• Introduction to Statement of Changes in Equity or Comprehensive Income/<i>Statement of Changes in Equity</i></li> <li>• Introduction to Cash Flow Statements/<i>Statement of Cash Flows</i></li> <li>• A Brief on Consolidated Financial Statements</li> </ul>
1.00 pm	Lunch
2.00 pm	<p><b>Financial Statement Analysis</b></p> <ul style="list-style-type: none"> <li>• Using Financial Statement Analysis to Assess Performance</li> <li>• Techniques of Analysis</li> <li>• A Working Example of Ratio Analysis</li> <li>• Limitations of Ratio Analysis</li> <li>• Advantages of Ratio Analysis</li> <li>• Accounting Issues in Financial Statement Analysis</li> </ul>
3.45 pm	Refreshments
4.00 pm	<p><b>Exchange-traded Funds</b></p> <ul style="list-style-type: none"> <li>• Introduction</li> <li>• The Structure of an Exchange-traded Fund</li> <li>• Investing in Exchange-traded Funds</li> <li>• Comparative Analysis</li> <li>• Case for Malaysia</li> </ul>
5.30 pm	End of Day One

## Financial Statement Analysis and Asset Valuation (Module 7)

<b>PROGRAMME – DAY TWO</b>	
8.30 am	Registration
9.00 am	<b>Fixed Income and Money Markets</b> <ul style="list-style-type: none"> <li>• Malaysian Fixed Income Securities</li> <li>• Understanding Bonds</li> <li>• Credit Rating</li> <li>• Term Structure of Interest Rates and Yield Curves</li> <li>• Theories of Interest Rate Determination</li> <li>• Economic Factors Affecting Interest Rates</li> </ul>
10.45 am	Refreshments
11.00am	<b>Fixed Income and Money Markets</b> <ul style="list-style-type: none"> <li>• Time Value of Money</li> <li>• Compounding and Discounting Techniques</li> <li>• Pricing Fixed Income Securities</li> <li>• Determining the Yield (Internal Rate of Return)</li> <li>• Valuing Money Market Securities</li> <li>• Pricing a Bond</li> <li>• Calculating Bond Yield</li> </ul>
1.00 pm	Lunch
2.00 pm	<b>Structured Products</b> <ul style="list-style-type: none"> <li>• Introduction</li> <li>• What is a Structured Product?</li> <li>• Issuers of Structured Products in Malaysia</li> <li>• Uses and Benefits of Using Structured Products</li> <li>• Components of a Structured Product</li> <li>• Features and Payout Structures of Structured Products</li> <li>• Risks of Investing in Structured Products</li> </ul>
3.45 pm	Refreshments
4.00 pm	<b>Equity Markets</b> <ul style="list-style-type: none"> <li>• Malaysian Equity Markets</li> <li>• Shares</li> <li>• Changes in Number of Shares Issued</li> <li>• Equity Hybrids</li> <li>• Classification of Shares for Investment Purposes</li> </ul>
5.30 pm	End of Day Two

## Financial Statement Analysis and Asset Valuation (Module 7)

<b>PROGRAMME - DAY THREE</b>	
9.00am	<b>Equity Markets (Cont')</b> <ul style="list-style-type: none"><li>• The Role of Valuation</li><li>• The Valuation of Equities</li></ul>
10.30am	Refreshments
10.45am	Revision and Feedback Session on Set of Questions
12.30pm	End of Day Three