

Tentin päivämäärä / Date of exam:
Opintojakson koodi, nimi ja tentin numero / The code and the name of the course and number of the exam: 721189S Advanced Financial Analysis, Summer exam
Tentaattori(t)/ Examiner(s): Petri Sahlström
Sallitut apuvälineet / The devices allowed in the exam: <input checked="" type="checkbox"/> Laskin (ei graafinen/ohjelmoitava)/Calculator (not graphic, programmable) <input type="checkbox"/> Sanakirja/Dictionary <input type="checkbox"/> Muu materiaali, tarkennettu alla/Other material, specified below
Tenttiin vastaaminen / Please answer the questions <input checked="" type="checkbox"/> suomeksi/ in Finnish <input checked="" type="checkbox"/> englanniksi/ in English
Kysymyspaperi on palautettava / Paper with exam questions must be returned: <input type="checkbox"/> Kyllä/Yes <input checked="" type="checkbox"/> Ei/No

Professor Petri Sahlström (Questions 1&2)
 Professor Timo Rothovius (Question 3)

1. Explain what proportionality assumption means in a context of financial ratios. What empirical evidence shows about the reality of the assumption, i.e. is it a realistic assumption? Why the assumption may be violated?
2. You have to build a mechanical cash flow prediction model to predict future cash flows of Finnish companies. What kind of model you suggest based on the course material and why?
3. Kross, Ro and Schroeder (1990) study the analysts' advantage. One of the variables they use is the amount of coverage in The Wall Street Journal. In what way the coverage should affect the analysts' advantage, and is there some other commonly used variable that might be strongly correlated with the coverage?