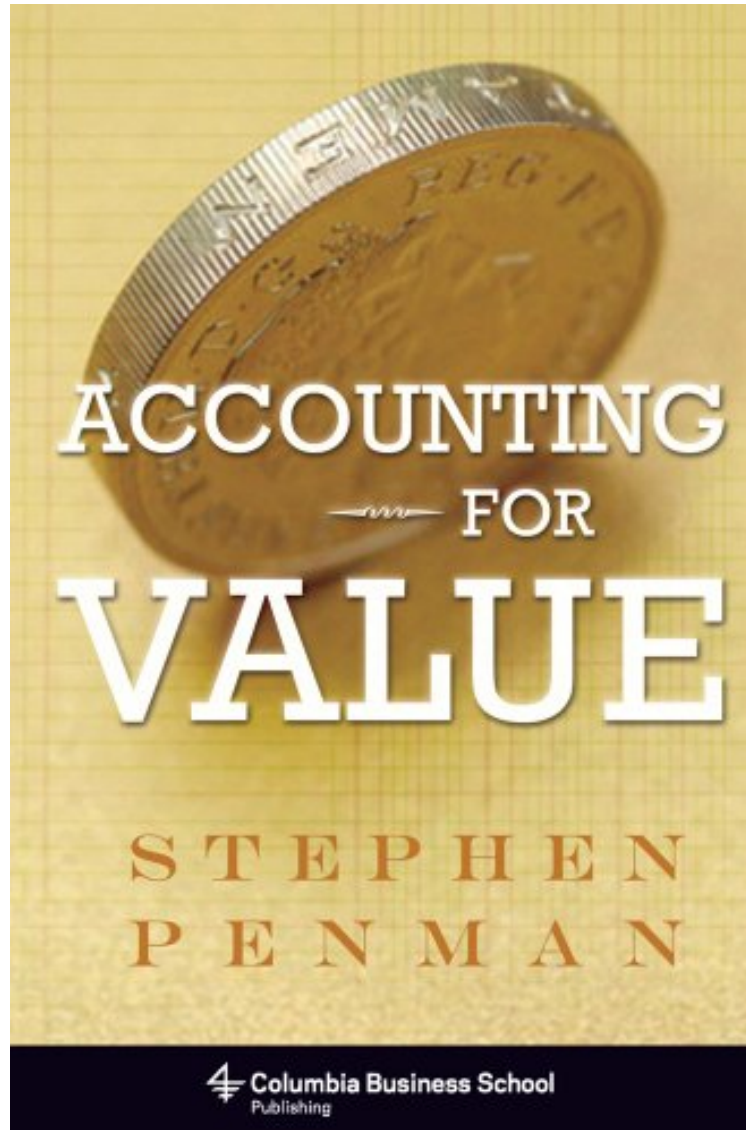


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## Accounting for Value (Columbia Business School Publishing)

*Stephen Penman*

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**Stephen Penman : Accounting for Value (Columbia Business School Publishing)** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Accounting for Value (Columbia Business School Publishing):

5 of 5 people found the following review helpful. An interesting complement to the finance valuation perspective By Jackal This is an interesting complement to Valuation: Measuring and Managing the Value of Companies, 5th Edition (Wiley Finance), which presents a finance perspective on valuation (read cash flow). The current book presents an accounting perspective on valuation. The writing style is not totally clear and I've seen some articles in Financial

Analysts Journal by the same author that are more clearly written. Still this book will give you a lot of interesting ideas if you are professional engaged in valuation of mostly listed companies. The author also has a textbook treatment which is worth a look. 0 of 0 people found the following review helpful. Excellent book. By P. Kim. Excellent book about using accounting information for valuation. I highly recommend read this book with Damodaran's valuation books. This will give you immense insights. 1 of 1 people found the following review helpful. Foundation for the right approach to analysis. By Jake Alister. Excellent companion to the Professor Penman's textbook. Biggest lesson: clearly define and separate the known from the assumed, and anchor on the former. This book will make you a more conservative analyst/investor.

Despite their skills and extensive training, many analysts fail to recognize the basics of good accounting and its deployment in valuation. By focusing on abstract concepts such as measurement basis, exit values, and entity concepts, they miss out on the benefits of a practical approach to valuation. While modern finance has advanced important concepts, including diversification and risk measurement, effective and efficient accounting merges these tools with fundamental analysis to divine a true account of value. Launching an innovative examination of equity valuation as a matter of accounting, Stephen Penman embraces the commonsense ideas of fundamentalists — good firms can be bad guys, the risk in investing is the risk of paying too much, ignore information at your own peril, beware of paying too much for growth — and combines them with the principles of modern finance to reestablish the parameters of good analysis. The result anchors the investor, guards against behavioral biases, and challenges speculation. Penman compares fair-value accounting and historical-cost accounting; describes the anchoring of cash flows, book value, and earnings; and details the failure of modern finance to correctly assess value. He concludes with fundamental strategies for accounting for value and a bold proposal for assessing the cost of capital. Altogether, Penman's text is an essential tool for interpreting the greatest financial challenges of our time: the stock market bubble of the 1990s, the credit crisis of 2008, and accounting in the wake of ongoing market instability.

Penman's book...contains gems on every page — to the point that no one who deals with the market in any capacity should pass by this text until they have committed to memory as many points therein as their limited, mortal, human brains, can hold. (Anthony Harrington QFinance Blog) I highly recommend the essential and fundamentals oriented book Accounting for Value by Stephen Penman, to anyone who is serious about investing in sound, fundamental stocks. This book will benefit the beginning or experienced investor, accountants, and anyone interested in the coupling of accounting with equity valuation. (Blog Business World) For a practical book that will help you understand the use of accounting in understanding stock valuation, Accounting for Value is the resource you are looking for you. (Stocker Blog) About the Author Stephen Penman is George O. May Professor of Accounting and Morgan Stanley Research Scholar at the Columbia Business School. He is the author of Financial Statement Analysis and Security Valuation, for which he received a Wildman Medal Award, and an editor of the Journal of Accounting Studies.