



Economic Value Added: A Detailed Walkthrough

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GRIN Verlag Feb 2013, 2013. Taschenbuch. Book Condition: Neu. 226x182x20 mm. This item is printed on demand - Print on Demand Neuware - Essay from the year 2013 in the subject Business economics - Investment and Finance, grade: 2,0, International University of Applied Sciences Bad Honnef - Bonn, course: Current Issues in Accounting & Finance, language: English, abstract: In the past, key financial instruments were focusing on concepts like the return on investment, return on equity and return on capital employed. However, within recent years, the flaws of the named ratios made it difficult to thoroughly rely on such figures any longer. As one key drawback connected to those solely finance-related ratios was that all non-financial aspects are missed out on. Further, the economic value creation was not respected in past models. EVA®, economic value added, is a concept on the rise that counteracts the flaws of recent financial ratios. By accounting for both the capital charges for investors and creditors, it allows a more sophisticated look into the value creation of a company. However Stern Steward & Co, who founded EVA®, give recommendations, so called adjustments, in order to make EVA® even more effective as it is without. As...



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