



INTRODUCTION

- **Course Description:** The objective of this course is to prepare students to read interpret and analyze financial statements Specifically, we will use ratio analysis and other techniques to understand company liquidity, solvency and profitability, and to use this understanding to compare companies for valuation purposes.
- **Type of Course:** Mandatory
- **ECTS:** 3
- **Course and Semester:** 2 - Second Semester
- **Language:** English
- **Title:** Financial Statements Analysis
- **Schedule:** Fridays from 12:00-14:00
- **Room:** 12 (Amigos)

LEARNING OUTCOMES (Competencies)

Cross-disciplinary skills

- CB5 - Students have developed those learning skills necessary to undertake further studies with a high degree of autonomy
- CG2 - Identify, integrate, and use the knowledge acquired in the argument, discussion, or resolution of relevant economic and/or business problems.
- CG3 - Prepare professional reports and/or make multimedia presentations on issues related to the economy and/or business

Specific skills

- CE2 - Understand introductory concepts of game theory and oligopoly
- CE7 - Know how financial markets work: variable income, fixed income, money market, derivatives
- CE14 - Understand and/or deepen knowledge of various aspects of contemporary culture, such as literature, religion, art, etc.
- CE18 - Make judgments about situations and/or business decisions based on economic criteria
- CE20 - Know the different financing alternatives and the needs of the company in terms of liquidity, and risk to make the most appropriate decision for each case

PROGRAM

Topic 1: Introduction to Financial Statement Analysis

- Objectives, and users of Financial Reporting and Financial Statement Analysis
- Primary Financial Statements and Other Information Sources
- Quality of Financial Reports



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- Financial Statement Analysis Framework: Articulate the Purpose and Context of Analysis, Collect Data, Process Data, Analyze/Interpret the Processed Data, Develop and Communicate Conclusions/Recommendations, Follow-Up

Topic 2: Analytical tools and techniques

- Ratios
- Common-Size Analysis
- The Use of Graphs as an Analytical Tool
- Regression Analysis
- Limitations of ratios

Topic 3: Common ratios used in Financial Analysis

- Activity Ratios
- Liquidity Ratios
- Solvency Ratios
- Differences between liquidity and solvency

Topic 4: Profitability and value creation analysis

- Analysis of long-live assets
- Return on assets (ROA)
- Return on equity (ROE) and equity analysis
- Analysis of debt
- Return on debt
- Financial Leverage
- Ratios in credit analysis
- Indicators of earnings quality
- Evaluating the earnings quality of a company

Topic 5: Analysis of Financial Statements for different sectors

- For commercial companies
- For industrial companies
- For service companies
- For financial institutions

Topic 6: Introduction to Bankruptcy Prediction Models

- Concept and types
- Accounting models: Altman Z-score model

EDUCATIONAL ACTIVITIES

The students will use the following databases:

- Marketline
- ORBIS
- SABI

ASSESSMENT

Class participation: **20%**



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Class participation will be assessed in quality and quantity

Midterm Exam: **35%**

Final Examination: **45%** (the minimum grade in the final to pass the course is 4 out of 10)

The final grade will be "NO PRESENTADO" "NO SHOW UP" if the final exam is missed.

Any attempt to cheat will be severely penalized.

Criteria to pass the course

Students whose final grade is 5 points or more will pass the course.

Students whose final grade is below 5 points will not pass the course and will be graded as *Suspense*.

Students who do not take the final exam will not pass the course and will be graded as *No presentado*.

Extraordinary Exam

The extraordinary exam will weight **65%**, the other 35% will be class participation (20%) and midterm (35%)

Exams review

Students will be able to review the exams in an interview with the professor, after publication of the grades, in a day and place that will be indicated.

Special assessment

For those who do not pass the course or did not take the final exam (grades *Suspense* or *No presentado*) there will be an extraordinary exam.

Students with special learning needs

- Accommodation will be provided for students with special learning needs, either regarding the methodology and/or evaluation of the course, but they will be expected to fulfill all course objectives.

OFFICE HOURS

Send email macasares@unav.es to arrange office hours

BIBLIOGRAPHY

- Financial Statement Analysis and corporate Issuers. CFA Institute
- Financial Statement Analysis, 11th Edition. McGraw-Hill [Find it in the library](#).