



Universidad
de Navarra

Financial Statements Analysis A_20

Guía docente 2023-24

INTRODUCTION

- **Course Description:** The objective of this course is to prepare students to read interpret and analyze financial statements as well as case studies. 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. The course is based on Harvard case studies.
- **Type of Course:** Mandatory
- **ECTS:** 3
- **Course and Semester:** 2 - Second Semester
- **Language:** English
- **Title:** Financial Statements Analysis
- **Specialization:** Accounting and Finance
- **Professor:** Paula Moreno (pmlaborda@external.unav.es)

COMPETENCES

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

- CE7 - Know how financial markets work: variable income, fixed income, money market, derivatives
- 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
- 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



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- 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 comercial 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:

- Havard Business Publishing
- ORBIS
- SABI

ASSESSMENT

Students are required to attend 80% of classes. Failing to do so without justified reason will imply the suspension from the program.

- Active class participacion: 20%
- Capstone project: 15%
- Mid term exam: 25%



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- Final exam: 40%

HONESTY IS THE BEST POLICY

(Ethics Committee Provisions Against Plagiarism and Copying)

We value honesty. Without it, there can be no trust or any meaningful social relations. Therefore, the School expects honesty and fairness from all of its members: professors, non-academic staff, and students.

Dishonest behaviours will be sanctioned in accordance with the [University Norms on Student Academic Discipline of August 2015](#), and include lying, cheating in exams, and plagiarism in written work. We take such violations seriously. Depending on their gravity, these offences will be dealt with by the Professor in charge of the subject, by the Dean of Students, and in very severe cases, by the Vice President for Student Affairs.

Sanctions include:

- formal warnings
- prohibition from entering University premises for a given period
- loss of admission rights to exams
- loss of scholarships
- A failing grade for the piece of work or the whole course

OFFICE HOURS

Paula Moreno Laborda (pmlaborda@unav.es)

Office hours: TBD with students

BIBLIOGRAPHY

- Specific Harvard Business Publishing material available for students in <https://hbsp.harvard.edu/import/1127705>