COURSE DATA

Data Subject	
Code	35890
Name	Financial statements analysis
Cycle	Grade
ECTS Credits	6.0
Academic year	2024 - 2025

Study (s)

Degree	Center	Acad. year	Period
1314 - Degree in International Business	Faculty of Economics	3	Second term

Subject-matter

Degree	Subject-matter	Character
1314 - Degree in International Business	10 - Financial and management accounting	Obligatory

Coordination

Name	Department
ALCAIDE GONZALEZ, MARIA ANGELES	44 - Accountancy

SUMMARY

Financial Statement Analysis Accounting is a course aimed at advanced level students enrolled in the International Business Degree. The course is designed for students who have good knowledge of financial accounting and finance. It is structured in three parts with eight themes:

Part 1: introduces the problem and provides a broad framework for business analysis and valuation based on the analysis of financial statements.

Part 2: describes the main tools for use in business analysis.

Part 3: the aforementioned tools applied to a variety of business decisions.

The course is both theoretical and practical dimension by which one tries to understand, from the perspective of external users mainly, how to use financial statements in a variety of decision contexts and business valuation. At the conclusion of the course students should:

· Having a good knowledge of the limitations and restrictions of the financial statements and

· Be able to use financial statements to make economic decisions in a wide variety of situations related to business.

PREVIOUS KNOWLEDGE

Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

Other requirements

Students should know how to prepare annual accounts of any company or entity and know the different ways that exist to finance its activities.

COMPETENCES (RD 1393/2007) // LEARNING OUTCOMES (RD 822/2021)

1314 - Degree in International Business

- Prepare, interpret and analyse the accounting information of companies.
- Use the economic and financial information of the company to make decisions.
- Develop the capacity to prepare and defend reports that contribute to the decision-making of public and private agents.
- Conocer los distintos usuarios internos y externos y sus necesidades informativas.
- Conocer los distintos estados financieros de la empresa.
- Conocer las herramientas de análisis de estados financieros.
- Calcular y analizar los distintos ratios de situación financiera y liquidez de la empresa y su capacidad predictiva.
- Calcular y analizar las distintas acepciones de rentabilidad.

LEARNING OUTCOMES (RD 1393/2007) // NO CONTENT (RD 822/2021)

- Knowledge and understanding of the company's financial statements, both individually and as a group.

- Knowing how to use the different tools and techniques for analysing accounting information in order to be able to make economic-financial, investment and financing decisions. These decisions will be useful for both internal and external users (capital investors, creditors, employees, competitors, institutions, etc.) who must make decisions in their relations with the company.

- Know the solvency and liquidity of the company and anticipate the needs and sources of financing.

- To make an adequate, clear and synthetic diagnosis of the company's financial situation that allows the use of financial information by internal and external users.

DESCRIPTION OF CONTENTS

1. INTRODUCTION

1. The framework for analyzing the company through the analysis of financial statements
1.1. How to approach the analysis of financial statements: from business activities to the financial statements and from the financial statements to the activities
1.2. Analysis of corporate strategy
1.3. Users of financial statement analysis and decisions

2. ANALYSIS TOOLS

2. Accounting analysis
2.1. The annual accounts. Content and structure.
2.2. Accrual accounting. vs Cash accounting: the balance sheet and income statement vs. the cash flow statement
2.3. Communication through the financial statements
2.4. The role of accounting standards
2.5. Analysis of the quality of the accounting data

3. Financial Analysis I
3.1. The financial profitability(return on equity - ROE)
3.2. The economic profitability (return on investment - ROI - return on assets or ROA--)
3.3. The decomposition of ROE and ROA: profit drivers
3.4. The impact of financial leverage on ROE: leverage effect

4. Financial Analysis II
4.1. Analysis of working capital
4.2. The short-term liquidity
4.3. The long-term solvency
4.4. Ratios and financial analysis

5. Financial Analysis III
5.1. Statements of cash flows
5.2. Cash flow analysis

6. predictive Analytics
6.1. Short-term prediction
6.2. Long-term prediction
6.3. Break-even analysis

3. FINANCIAL ANALYSIS AND INVESTMENT AND FINANCING DECISIONS

7. Analysis applied to the valuation of companies and equity participations
7.1. Equity security analysis and market efficiency
7.2. Fundamental analysis vs. technical analysis
7.3. Valuation based on accounting data
7.4. Mergers and acquisitions

8. Analysis applied to funding decisions
8.1. The market for credit
8.2. Credit analysis process
8.2. Prediction of financial difficulties

WORKLOAD

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Development of group work	25,00	0
Study and independent work	25,00	0
Readings supplementary material	10,00	0
Preparing lectures	15,00	0
Preparation of practical classes and problem	15,00	0
TOTAL	**150,00**	

TEACHING METHODOLOGY

First, magisterial lesson will be a participatory classroom to present the essential theoretical content. The practical application of theoretical content will take place in practical classes where problems and case study will be solved with application of techniques and/or oral presentations, discussions, individual and / or team. The independent work will be supervised and based on reading and assessment reports, exercises and/or individual projects and/or team.

If the subject is taught in a language other than the two official languages, students must take the examination in the language in which the subject is taught.

EVALUATION

There will be a final exam at the end of the academic course, with two calls, in the dates established by the Faculty of Economics. The final exam will evaluate the theoretical and practical knowledge of the students, and so it will take into account all items included in the syllabus and the case studies covered in the lectures. It will weigh 70% of the final grade. In addition, students must do a group project (3 students maximum), under the teacher's supervision. This group project is the continuous evaluation that will weigh 30% of the final grade. The mark obtained in this project will be also applied in the second call (in case the student does not pass in the first). Continuous assessment may also include other types of individual or group activities (online tests, case solutions, etc.).

To pass the subject it is compulsory to obtain 5 points out of a total of 10 in the final exam, and the final mark will be the weighted average of the exam and the continuous evaluation. If in the exam the student obtains less than 5, the final mark will be the one obtained in the exam (without considering the continuous evaluation). This applies to both calls.

REFERENCES

Basic

- PALEPU, K.G. P.M. HEALY and E. PEEK (2022). Business Analysis and Valuation IFRS edition, 6th edition. South Western Cengage Learnings.

Additional

- GARRIDO MIRALLES, P. e ÍÑIGUEZ SÁNCHEZ, R. (2021). Análisis de Estados contables. Elaboración e interpretación de la información financiera. Editorial Pirámide.
- PENMAN, S.H (2013). Financial Statement Analysis and Security Valuation. 5th ed. New York: McGraw-Hill.
- ARCHEL DOMENECH, P., LIZARRAGA DALLO, F., SÁNCHEZ ALEGRÍA, S. y CANO RODRÍGUEZ, M. (2015). Estados Contables. Elaboración, análisis e interpretación. Editorial Pirámide.