



GRADO EN FINANZAS Y CONTABILIDAD

4th Year

Group 5

"FINANCIAL STATEMENT ANALYSIS II"

SYLLABUS

Course 2017-2018

First Semester

1-. INSTRUCTOR

Name: María Cristina Abad Navarro.

Office: Office no. 21; Departamento de Contabilidad y Economía Financiera. Facultad de Ciencias Económicas y Empresariales.

E-mail: Please contact the instructor via the email available at the on-line learning platform.

Office Hours: As published on the bulletin board of the Department and at the on-line learning platform.

2-. COURSE DESCRIPTION AND OBJECTIVES

The primary objective of this course is to increase the students' knowledge, as an extension of the "Financial Statement Analysis I" course studied in the 3rd year of the "Grado en Finanzas y Contabilidad".

The main purpose of the course is to extend the students' knowledge on the processes and methods of financial statement analysis by which users extract information to answer the questions about the firm performance. By the end of the course, students should have a deep knowledge of the financial statement analysis subject, being able to follow a systematic process to perform the financial statements analysis task, come to a reasoned conclusion about a company's financial and economic health, make predictions about the future development of the company and be able to communicate the conclusion reached to interested parties, by writing an analysis report. In addition, the students will learn how to apply the general financial statement analysis process to specific setting such as credit analysis, prediction of financial failure, and financial analysis for listed companies.

3-. COURSE POLICIES

The critical ingredient for success in this course is the amount and quality of work that you put forth. The material in this course cannot be learned without practice. It is critical to your success that you attend each class and take notes during the lectures. Ask questions – either during class or during office hours.

4-. COURSE OUTLINE

LESSON 1. FUNDAMENTALS OF FINANCIAL STATEMENT ANALYSIS

1. The purpose of FSA and the analysts' role
2. The process of analysis
3. Adjustments and reformulation of the financial statements
4. The areas for the analysis:
 - 4.1. Analysis of profitability
 - 4.2. Analysis of short-term liquidity
 - 4.3. Analysis of long-term solvency
5. The analysis report

LESSON 2. ANALYSIS OF THE CASH FLOW STATEMENT

1. Introduction
2. Significance of the cash flow statement
3. Analysis of the cash flow statement
4. Specialized cash flow ratios

LESSON 3. PROSPECTIVE FINANCIAL STATEMENT ANALYSIS

1. Introduction
2. The techniques of forecasting
3. The projection process
 - 3.1. One year ahead forecasts
 - 3.2. Multiyear projections
4. Analyzing projected financial statements
5. Sensitivity analysis

LESSON 4. CREDIT ANALYSIS

1. Introduction
2. Financial statement analysis from the point of view of financial institutions
3. Risk analysis
4. The analysis of credit risk

LESSON 5. PREDICTION OF FINANCIAL FAILURE

1. Introduction
2. The bankruptcy process
3. Models of bankruptcy prediction

LESSON 6. ANALYSIS OF LISTED COMPANIES

1. Introduction
2. Financial statement analysis from the point of view of security analysts
3. Specialized stock market ratios

5-. REFERENCES

American Bankers Association (2007): Analyzing Financial Statements. Ed. American Bankers Association

Palepu, K.G., Healy, P.M., Bernard, V.L. & Peek, E. (2007): Business Analysis and valuation. IFRS Edition. Ed. Thomson.

Penman, S. (2013): Financial statement analysis and security valuation. Ed. McGraw-Hill. 5th Edition.

Subramanyan, K.R. & Wild, J.J. (2009): Financial statements analysis. Ed. McGraw-Hill. 10th Edition.

Wahlen, J.M. Stephen P. Baginski, M. T. Bradshaw M., (2011): Financial reporting, financial statement analysis, and valuation: a strategic perspective. 7th Edition.

6.- ASSESSMENT SYSTEM

The **assessment system** is continuous. The components of the evaluation are explained in the following table:

| | 1st call (January 2018) | | 2 nd and 3 rd calls (September and December 2018) | |
|-----------------------------------|-----------------------------------------|--------------------------|----------------------------------------------------------------------------|--------------------------|
| | a) Attendance and in-class contribution | 10% | Maximum 1 point | - |
| b) Group project and presentation | 40% | Maximum 4 points | - | - |
| c) Final exam | 50% | Maximum 5 points | 100% | Maximum 10 points |
| TOTAL | 100% | Maximum 10 points | 100% | Maximum 10 points |

a) Attendance and in-class contribution

Attendance and participation during the class is strongly encouraged. Students are expected to arrive on time and be prepared to discuss the day's topic and cases.

A professional conduct in the classroom is expected at all times. Smartphones and other communication devices should be turned off during class time. Unless the Internet is being used for pedagogical reasons, students are expected NOT to be connected (that is, no email, no WhatsApp, etc.). The quality of your class participation, and hence the quality of the class as a whole, suffers when your attention is elsewhere.

Attendance and participation will be considered positively to determine the total final mark of the course, but only in the January 2018 evaluation, if you attend, at least, 2/3 of the scheduled classes, and participate actively in class discussions.

b) Group project and presentation

As part of the course, students will have to create working groups of a maximum of 3 or 4 members. Each working group will have to work on a final project. The professor will assign a topic and schedule several tutorial meetings with each of the working groups throughout the semester. These meetings will serve to evaluate the progress of the project, solve questions and propose corrections.

The group project will include a written report and an in-class formal group presentation. The written report will be valued with a maximum of 3 points and the presentation will be valued with a maximum of 1 point.

IMPORTANT NOTICE: The group presentations are scheduled to take place in January 2018 (8th and 11th of January), during lesson hours.

c) Final exam

The final exam will take place at the official date set by the School. The format of the exam will be a combination of theoretical questions and practical problems.

IMPORTANT NOTICE: It is necessary to obtain a minimum grade of 1.5 (over 5) in the final exam in order to pass the subject.

Students may bring a calculator to the exams. The calculator cannot have wireless capabilities. Smart phones and other communication devices should be turned off during exam time.

7-. ACADEMIC DISHONESTY

Students are expected to be above reproach in all scholastic activities. Academic dishonesty harms the individual, all students, and the integrity of the university.

Students who engage in academic dishonesty are subject to disciplinary penalties according to the Universidad de Sevilla regulations. Scholastic dishonesty includes, but is not limited to cheating, plagiarism, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts.