

# **Teaching Plan**

## **Financial Statement Analysis**

**Study: IBE** **Code: 20839/21849**  
**Course: second**  
**Term: First**  
**Number of ECTS credits: 5**  
**Hours of student's dedication: 125**  
**Language: English**

## **1. PRESENTATION OF THE SUBJECT**

This course is based on the analysis of financial statements.

After an introduction of the goals of the course we make a reminding of the basics of financial statements. Afterwards, it is an analysis of the balance sheet, the income statement, profitability and working capital. Then, we study sector data analysis, analysis of financial statements and international analysis. We also discuss the effect of inflation on the financial statements and finally we present the integral analysis of financial statements. Each of the topics will be covered in depth with practical examples that make the theoretical concepts understandable.

## **2. COMPETENCES TO BE ATTAINED**

### **2.1. GENERAL SKILLS**

#### **INSTRUMENTAL**

**G1. Be able to understand and interpret in a relevant and reasoned way academic and relevant texts.**

1-Be able to understand and analyze the economic-financial situation of a company from the study of different cases.

**G3. Be able to properly communicate orally and writing in either of the two official languages in Catalonia, Catalan and Spanish, in front of experts and amateurs audiences.**

- a. Skills for oral and written communication
- b. Doing public presentations in Catalan / Spanish
- c. Understanding texts written in Catalan, Spanish and English
- d. Writing reports of economic and financial analysis in Catalan / Spanish

2- Ability to decision making: to give conclusions given statements..

3- Skills in the application of basic mathematical problem solving.

4- To use basic computer tools (word processing, spreadsheet, PowerPoint) to carry out work, research documentation and presentation of results.

#### **INTERPERSONAL**

**G2. Be able to justify their own positions consistent with arguments and defend them publicly.**

5-Ability to critically review the findings and opinion offered to the economic-financial analysis results.

6- Initiative to search for information to solve problems.

- 7- Ability to teamwork: professional awareness of the world, a place to compare different solutions, need for coordination.
- 8- Ability to find solutions adapted to professional ethics.

## **SYSTEMIC**

**G9. Establish habits of self-discipline, self-discipline and rigor in the academic performance of work, as well as in the organization and timing.**

**G10. Have a proactive attitude in the desire to know what is unknown, essential in any professional activity with projection.**

**G11. Being able to apply the knowledge with flexibility and creativity and adapt it to new situations and contexts.**

**G12. (MNG-EMP) Be able to progress in learning and training processes autonomously and continuously.**

9- Ability to manage information: selection of appropriate sources and discrimination data when working as a team.

10- Learning from experience.

11- Application of theoretical knowledge and analytical tools to real situations.

12- Being able to account for the adaptation of the company to the new environment (new International Financial Reporting Standards, IFRS).

## **2.2. SPECIFIC SKILLS**

**E1 (ECO/ADE) G13 (MNG-EMP). Demonstrate a sufficient level of knowledge for professional performance.**

1 - Ability to assimilate basic knowledge of the economic-financial area

a. Identification of objectives, constraints, and users of financial statements analysis

b. Awareness of the existence of additional information on the economic-financial analysis

2 - Ability to relate knowledge in the field of economic-financial analysis of the company.

a. Internalization of the basic concepts related to: balance sheet, income statement, state value and cash flow statement.

b. Identification of the financial statements: memory, management report and auditor's report.

c. Ability to identify unethical business practices of the financial statements: concealment, manipulation, creative accounting.

**E3. (ECO/ADE). Know the different contexts in which a company works: the economic, the industry, the market, the company and the department.**

3- Ability to diagnose and financial situation of the company.

- a. Skills at using techniques of analysis: balance sheet, income statement, profit and working capital.
- b. Evaluation of the performance of: income, expenses, margins and profit and loss account.
- c. Understanding the variables that influence the evolution of the profitability.
- d. Comparison with data from other companies of the industry.
- e. Interpretation of consolidated accounts.
- f. Ability to fix balance sheets and income statements that counteract the effects of inflation (introduction).
- g. Ability to analyze international financial statements.

**E4 (ECO/ADE). Solve the problems of management and leadership that are presented to the company. G14 (MNG-EMP). Use the appropriate information in the formulation of proposals and problem solving.**

4- Ability offering results in relation to the financial statements.

- a. Comprehensive analysis of financial statements.
- b. Identify and solve problems by applying economic and financial analysis techniques.

### **3. CONTENTS**

We describe the content grouped by skills. We distinguish between concepts, procedures and attitudes whenever possible.

#### **3.1. GENERAL SKILLS**

Procedures:

- Resolution of exercises
- Make oral presentations of practical exercises
- Reading texts in English
- Writing economic and financial reports
- Application of basic mathematical problem solving
- Use of basic tools to carry out work, research and management of documentation and presentation of results
- Learning from experience
- Application of theoretical knowledge and analytical tools to practice with real data

Attitudes:

- Analytical
- Review and provide critical conclusions from the results
- Demonstrate initiative in finding information to solve problems
- Ability to work in team
- Finding solutions tailored to professional ethics
- Empathic Communication
- Assertive Communication

### **3.2. SPECIFIC SKILLS**

#### **1. Ability to assimilate basic knowledge of the economic and financial area**

- a. Identification of objectives, constraints, and users of financial statements analysis.

Concepts: Concept analysis of financial statements, business problems and their causes, the limitations of the analysis of financial statements.

Procedures: Business analysis and diagnostics, Questionnaire for preliminary diagnosis of a company.

- b. Awareness of the existence of additional information on the economic and financial analysis.

Concepts: Complementary data of the analysis of financial statements

#### **2. Ability to relate previous knowledge to the field of economic and financial analysis of the company**

- a. Internalization of the basic concepts related to: balance sheet, income statement, state value and cash flow statement.

Concepts: Concept of balance sheet, income statement, state value and cash flow statement, the valuation of the assets and liabilities.

Procedures: Managing the balance sheet and profit and loss account, elaborate the state of cash flows.

Attitudes: Attend to GAAP.

- b. Identification of the financial statements Briefing: memory management report and auditor's report.

Concepts: Concept of memory management report and audit report.

- c. Ability to identify unethical business practices of the financial statements: concealment, manipulation, creative accounting.

Concepts: Concept of creative accounting.

Attitudes: Professional ethics and respect of the accounting standards.

**3. Ability to diagnose the financial situation of the company.**

- a. Skill at using techniques of analysis: balance sheet, income statement, profitability, working capital.
- b. Evaluation of the performance of: income, expenses, margins and profit and loss account.
- c. Understanding the variables that influence the evolution of the profitability

Concepts:

- Balance sheet: The techniques of analysis, state of origin and application of funds, the main assessment ratios, predictive power of ratios: the dimensional approach and the multidimensional approach.

- Income statement: The techniques of analysis, the equilibrium point, leverage operational concept of productivity, efficiency and effectiveness

- Profitability: Concept of profitability and financial return, concept of financial leverage, the funding and growth indicators for the analysis of publicly traded companies

- Working capital: Concept of working capital apparent and necessary concept maturation cycle.

Procedures:

- Use of analytical balance, calculation of the main ratios, one-dimensional and multidimensional approach.

- Use of analytical techniques in the income statement, calculation of percentages and graphs, analysis of the sales ratios, margin analysis by product, calculation of threshold yield, Expenditure Analysis, Productivity Analysis, effectiveness and efficiency, quality assessment.

- Calculation of profitability: Profitability and economic performance, financial profitability, financial profitability decomposition, analysis of financial leverage, the self diagnosis process, calculation of the growth potential of the company, use of indicators for analysis of companies listed on the stock exchange, stock calculation of the ratios.

- Calculation and interpretation of the state of cash flows.

Attitudes: Analytical, decisive, rigor, capacity empathetic, assertive communication.

- d. Comparison with data from other companies.

Concepts: average data, limitations of sector information.

Procedure: Preparation of sector information: databases, average data formulation, comparisons with successful and unsuccessful companies.

Attitudes: Analytical, decisive, rigor, capacity empathetic, assertive communication.

e. Interpretation of consolidated

Concepts: The concept of mainstream, dominated, controlled and associated societies, conditions that must be met by corporate groups to have the obligation to consolidate the financial statements, situations with the obligation to consolidate, models, the specific consolidated accounts.

Procedures: Introduction to the methods and procedures of consolidation, introduction to the use of models of financial statements, consolidated Interpretation.

Attitudes: Regarding accounting standards.

f. Ability to fix balance sheets and income statements that counteract the effects of inflation (introduction).

Concepts: Concept of monetary and non-monetary items in the financial statements, inflation in the financial statements, concept of settling of accounts of subsidiaries.

Procedures: Use of systems to account for inflation adjustment, adjustment of accounts of subsidiaries.

Attitudes: Analytical, decisive, rigor, capacity empathetic, assertive communication

g. Ability to analyze international financial statements.

Concepts: differences in international accounting, procedures of homogenization of the accounting information.

Procedures: Using methods of converting foreign currency financial statements.

Attitudes: Respect for international accounting standards.

**4.** Ability to deliver results based on financial statements.

a. Comprehensive analysis of financial statements.

b. Identifying and solving problems by applying economic and financial analysis techniques.

Concepts: Concept of integration of information from different analysis, concept of pyramids ratios and balance scorecard. Items to consider in order to present effective reporting of financial statement analysis.

Procedures: Integration of information from different analysis, report generation analysis of financial statements.

Attitudes: Analytical, decisive, rigor, respect for international accounting standards, capacity empathetic, assertive communication.

#### **4. ASSESSMENT**

In terms of activities:

##### **4.1. PART ONE**

Final evaluation by an exam at the end of the quarter, involving 40% of the grade. It is required.

The examination will consist of two parts, the first part of the theoretical concepts that make up 30% of the total and a second part where you have to develop a case study and represents 70% of the total mark. The estimated time of completion of the examination is 2 hours.

Be valued among others the ability to solve problems, the application of theoretical knowledge and analytical tools to real situations and learning from experience.

**It is essential to pass the exam to pass the course.**

##### **4.2. PART TWO**

Continuous assessment through teamwork, which calls apply the concepts learned in the course to a real company. Mean 50% of the grade. Required.

During the quarter there will be group tutorials with teachers. Meetings will be fortnightly.

Instructions for the preparation of the Final Teamwork:

With Final Teamwork is intended that students integrate the different parts that make up the syllabus, while it promotes teamwork, the preparation of written reports, oral presentation of reports and contact to the business. Then be assessed, among other things, the involvement, the effectiveness, efficiency, rigor, ability to search for information, problem solving ability, and skills to use basic computer tools for written presentation.

To make this work, students should select a real company during the first weeks of the course and gradually apply the various issues that were discussed as the program develops.

On the cover of the paper must to indicate whether the information contained in the work is confidential. In this case, the teacher should be informed in advance so that the



delivery and accuracy of the work is done in the presence of students. At the end of the correction the teacher will return the students work.

On the cover of the Teamwork the members must to specify near your names, the participation rate of each component in the overall work. This will be considered students who participated more actively at work. The works that are not confidential should submit the original and a copy, from the last week of classes and no later than the day of the final exam. The copy of the works will be available to students at the teacher's office the day of the exam review.

The index is proposed for the Work is:

1. Objectives of the work
2. Description of the company and its industry
3. Diagnose strengths and weaknesses, and cause and effect diagram
4. Proposed recommendations
5. Quantitative demonstration of the effectiveness of the recommendations

Appendix 1: Documentation used accounts, sector data, etc..

Appendix 2: Calculations made

Annex 3: Additional information (press releases, articles, etc.).

Bibliography

#### **4.3. PART THREE**

Continuous assessment through weekly exercises involves about 10% of the grade. It is Required.

The 10% includes presentation of some of the writing practices oral presentation in class by groups throughout the year (**ORAL PRESENTATIONS OF CASE STUDIES MUST HAVE A MAXIMUM DURATION OF TEN MINUTES**), participation and attendance at all practical classes.

Be assessed, among others, teamwork, defense arguments before the teacher and the collective skills of critical thinking and problem solving ability.

Some case studies are written in English, as an objective of the course is to foster understanding of financial statements in the language.

#### **4.4. OTHERS**

Quiz exercises not involve any weight in the final grade. It is optional.

The exercises are multiple choices, there are four options and only one is the correct answer. These exercises serve as a barometer to see how students advance in their knowledge throughout the course. You can find it in Campus Global.

Below we present a summary of the general evaluation criteria indicated:

<b>GENERAL CRITERIA</b>		
Final Evaluation	Final Exam (at the end of trimester)	40% of the mark (Recoverable)
Continuous Evaluation	Teamwork	50% of the mark (Recoverable)
	Practice exercises (Suggested by the teacher and oral presentation)	10% of the mark (Not recoverable)
Others	Self-assessment exercises	Self-assessment involves no weight in the final  Optional for students
Recovery	Students can only recover parts of the assessment that are recoverable:  Final exam (individual) Teamwork (Group)	

## **5. BIBLIOGRAPHY AND TEACHING RESOURCES**

The student has a bibliography (basic and complementary), a web page from which they can access to the resources posted on the campus and a comprehensive support material that can be found in paper space *OCE* at the University.

The resources are:

### **5.1. TEXTBOOKS**

Notes on *Moodle* , *Campus Global*.

### **5.2. FURTHER READING**

ACCID. *Comprendre les normes internationales de comptabilitat*. Barcelona: Gestió 2000, 2003

ACCID, *Nou Pla General de Comptabilitat*. Barcelona: 2008.

Amat, O. *Anàlisi integral d'empreses*. Barcelona: Profit Editorial, 2008.

### **5.3.OTHER RESOURCES *CAMPUS GLOBAL MOODLE***

If you navigate through the website of the university: [www.upf.edu](http://www.upf.edu), campus global, you will find:

- Teaching Plan
- Case Studies.
- Self-assessment exercises.

## **6. METHODOLOGY**

The methodology of the course is based not only on the theory sessions, but in parallel in various activities such as:

- Exercises week
- Classroom presentations
- Teamwork
- Quizzes.
- Oral participation

These activities have an overall weight of 60%, see Assessment section for specifying the percentages, and the final exam 40%. Note that in the case of the teamwork, the teacher will have tutorial appointments with the different team-groups. In addition, the teacher will be available to students for doubts towards the subject in the appropriate office hours.

In chronological terms students have follow the following steps:

1. Attendance at the general session (lectures)
2. Personal work: add to the basic reading and other teaching resources provided
3. Personal work: completion of Quizzes
4. Teamwork: holding weekly exercises for seminars and work in group to submit the writing teamwork at the end of the quarter
5. Working group sessions with the teacher

Once the lectures finished:

6. Personal study for the final exam preparation.
7. Completion of the final written exam

In some lectures guest speakers may participate to provide an overview of the subject from the world of business.

To arrange meetings students must contact professors by email or check the teacher tutorial hours through the Aula Global.

Students must have done the compulsory subject: Introduction to Financial Accounting.

## 7. ACTIVITIES PLANNING

The course is 5 ECTS credits corresponding to a total of 125 hours of work by the student.

The course is divided into:

- **Theory sessions:** sessions are an hour and a half for the whole group. During the first part the teacher introduces theoretical concepts and the second part is devoted to a case study.
- **Sessions of seminars:** are sessions where the teacher monitors and control the particular cases that the different working groups presented at the end of the quarter. In most sessions, there will be presentations reporting on general cases to students. Be valued discussion and student participation.
- To continue the course the student has an educational resource guide which details about the resources and where they can be find.