

COURSE SYLLABUS

1. COURSE DESCRIPTION

Degree:	Administración y Dirección de Empresas (English teaching)
Double Degree:	Administración y Dirección de Empresas y Derecho (English teaching)
Course:	FINANCIAL STATEMENT ANALYSIS (Análisis de Estados Financieros - English teaching)
Module:	V: Accounting and Finance
Department:	Financial Economics and Accounting
Term:	Second term
Total Credits:	6
Year:	3rd
Type of Course:	Obligatory
Course Language:	English

Teaching model:	C1	
a. General/background:		50%
b. Theory-into-practice/developmental knowledge-building		50%
c. Guided Academic Activities:		



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2. COURSE COORDINATOR

Course coordinator: Juan Baños Sánchez-Matamoros

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3. ACADEMIC CONTEXT

3.1. Course Description and Objectives

The location of the subject in third year of the Degree in Business Administration determines its objectives and content. Thus, the objective of the course is to offer the student a catalog of tools that allows to analyze the economic and financial situation of a company. Therefore, the student becomes not just an accounting builder, but an accounting user. In this sense, and being a very practical subject, it will often converge theoretical and practical views in the same package. In any case, the cutting edge of practice in this area in the business world are integrated into the course, without losing sight of other practices already established for daily use. In this way, It analyzes the ability to generate business income, their ability to set solvency and its ability to make cash.

Besides the above, and parallel throughout the degree, a goal in all Accounting subjects is trying to make the student aware of the importance of good accounting practices and ethics and social responsibility in the exercise of the profession and the relevance that accounting may have in making decisions with social and environmental implications.

3.2. Contribution to the Training Plan

This subject, settled as the fourth of Accounting matters, has a close purpose, completing the learning process in accounting of the future graduate.

Its main purpose is to determine the most basic tools to use in analyzing company's equity, financial and profitability situation. Technical analysis, not subjective, of the reality of a business is already established as an indispensable element in the day to day business, practically gathering all of the users of accounting information to that reality and the need to analyze an organization, whatever the different needs and purposes established (eg, collective agreement negotiations, banking risk analysis, analysis of the ability to supply customers, etc..). Therefore, the course is an essential one for the student to complete his accounting background.

3.3. Recommendations or Prerequisites

It is *highly recommended* that previous subjects of Financial Accounting in the Degree of Business Administration have been passed, given that, as stated above, the subject starts from that knowledge. However, it is important the continuous use of the recommended bibliography and continued access to the Virtual Classroom of the course.

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4. SKILLS

4.1 Degree Skills Developed during this Course

The general competencies, as those that are not purely from accounting, are part of the general education of the student throughout the degree, the subject will focus mainly on the following:

Systemic:

- Ability to learn independently.
- Creativity.

Personal:

- Ability to critique and self-criticism.
- Commitment to ethical work.
- Ability to work in teams.

Instrumental:

- Capacity for analysis and synthesis.
- Oral and written English.
- Ability to organize and plan.
- Ability to take decisions.
- Ability to analyze and seek information from different sources.

Specific:

- Perform and understand reports on liquidity, profitability and solvency of organizations from their financial statements for decision-making.

4.2. Module Skills Developed during this Course

The specific goals of this course is settled into the following competencies directly related to the matter of study in this subject:

- Know the basic content of financial statements that comprise the mandatory reporting of companies.
- Learn the techniques to unify different accounting standards for the preparation of financial statements for analysis.
- Learn the techniques used to measure the ability to generate revenue for the company, as well as diagnosis, through measurement, of the possible risks in such area.
- Learn the techniques used to measure the solvency of a company, understood in the long term, and determine, through this measurement, scenarios of risk in such zone.
- Learn the techniques used to measure the ability to generate liquidity in a company as well as determination, through measurement, of possible risk situations in such question.
- Generate comprehensive reports of the previous issues, with general conclusions about the economic and financial situation of a company.

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4.3. Course-specific Skills

Cognitive (Know...):

- Comprehension of basic accounting and information disclosure characteristics.
- Comprehension of the fundamental concepts and elements of the Financial Statements.
- Acquisition of a broader view of the role of Accounting in satisfying the information needs of stakeholders.
- Knowledge of the new disclosure practices.

Procedural/Instrumental (Know-how to...):

- Acquisition of basic skills for developing and preparing financial statements and other business disclosure tools.
- Acquisition of analytic skills for interpreting financial statements and other tools for business information disclosure.
- Use of Information Technologies to access and review financial accounts and other corporate reports, as well as the information disclosed from several institutions and regulatory and standardization bodies.

Attitudinal (Be...):

- Acquisition of a constructivist critical attitude, appreciating the fact that accounting, as a discipline, is the object of a constructivist debate and continuous questioning.
- Development of an ethical attitude to work inside the limits marked by the accounting ethics.

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5. COURSE CONTENT (COURSE TOPICS)

UNIT 1: Introduction to Financial Statement Analysis

Contextualization of Financial Statement Analysis: The sector strategy, the company policies.

The mandatory financial reporting. Legal aspects.

Essential elements that comprise the financial reporting.

The Balance Sheet.

The Income Statement.

The Statement of Changes in Equity.

The Statement of Cash Flows.

The Report and Notes to Financial Statements.

UNIT 2: Equity Analysis

Homogenization of the Financial Statements.

Fraud in Financial Statements.

The concept of ratio.

Horizontal percentages.

Vertical percentages.

UNIT 3: Analysis based on ratios: profitability, solvency and liquidity.

Concept of profitability.

Profitability ratios.

Concept of liquidity.

Liquidity ratios.

Concept of solvency.

Solvency ratios.

Valuation models

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6. METHODOLOGY AND RESOURCES

METHODOLOGY:

The working method used by the teaching board of this subject is based primarily on lectures and practices of different activities during the different sessions.

The course is taught in 2 sessions per week of 90 minutes each over the 14 weeks of the semester. Each week will have a Basic Training session (EB) to be taught to the whole group (60 students, aprox.) and a session of Training and Development Practices (EPD) in which the group will be divided into three subgroups (20 students). According to this division, EB sessions will be mainly lectures in which the basics of each subject or unit will be introduced, encouraging at all times dialogue and discussion with students, as well as solving practical exercises on the concepts explained. The EPD sessions, usually are focused on the practical activities planned for each subject, will be previously prepared by the students for later resolution in the classroom, either by the teacher or by students.

RESOURCES:

Students should prepare the subject using library/bibliography resources available in the University Library and the computer resources of the University Pablo de Olavide.

Furthermore, it is considered essential to use the Virtual Classroom of the subject. At the presentation, the Lecturer will show the student the abilities of the Virtual Classroom of the subject and all the resources and materials they can access to and use. Students will have at all times the equipment needed to monitor the subject (EB and EPD), which will be available through the Virtual Classroom.

With regards to the subject materials, it is split in three different types:

- Script of the topic, which will be made available to students before the start of each topic. It's a script to monitor classes in which list the minimum content of each topic, but in any case it shall be considered as the notes for each topic. The student should prepare the subject by going to the Library and expand the contents of the script with the books cited in the literature/bibliography, as well as the Lecturer's explanations.
- Dossier of exercises, which contains the set of all exercises or activities for each topic, some of which must be completed by the student prior to their subsequent explanation during the sessions of Teaching Practice and Development (EPD).
- Questions of self-evaluation, with a corresponding self-correcting system so that students can check their level of assimilation of the concepts and facilitate independent learning.

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7. ASSESSMENT

To pass the subject the student is entitled to stand for two official calls per course: Course call and Recovery call, according to the Regulations of Degree Student Evaluation of the Pablo de Olavide University, approved by the Government Board dated May 27, 2014.

The Course call will consider the following criteria:

The content and skills acquired during the course will be evaluated by the following system:

For the Basic Training (EB), which will have a maximum score of 5 points over 10:

- a) One or more theoretical and practical tests on the final exam. This/ese test/s will have a score of 4 points. However, it is required a minimum of 2 points out of 4 on the examination in order to add the grade obtained from the Training and Development Practices (EPD).
- b) Two exams test type dated in a random system and without previous announcement, which will count for 1 point.

For the Training and Development Practices (EPD), which will have a maximum score of 5 points over 10:

- a) Different individual tests developed during the course, with a maximum of 2.5 points.
- b) A team work during the course, which will be presented at an EPD session, with a maximum of 2.5 points.
- c) In order to add the qualification of this part of the subject to the qualification of the EB, it is needed to demonstrate the attendance to, at least, the 75% of the sessions of EPD.

In any case, it will be needed to get a minimum of 2.5 points over 5 in each part to add both qualifications.

The Recovery call is for those students who have not passed the subject in the Course call course and will consider the following criteria:

- a) Students who have not followed the continuous evaluation (Training and Development Practices - EPD), have not successfully passed the tests on this part, or those that, in spite of overcome the EPD part, have decided to waive such rating (in this case the student must communicate explicitly by written such circumstances to the Lecturer responsible for the subject with a minimum of 10 days before the

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conclusion of the recovery call) shall be evaluated for the 100% of the subject by one or more tests.

- b) Students who successfully passed the minimum of the assessment on Basic Training (EB) during the course call and wish to maintain such qualification will be evaluated by one or more theoretical and practical tests on a final exam of 5 points of maximum rating, adding to this qualification the qualification obtained from the continuous assessment (Training and Development Practices - EPD) when the student has reached a minimum of 2.5 points out of 5 on this exam.

In both cases the subject is overcome with an average equal to or greater than 5 points.

Important matters:

- “During the course of an examination, the use by a student of material not expressly authorized by the faculty, as well as any unauthorized action aimed at obtaining or sharing information with others, will be considered cause qualifying for failure of the subject, notwithstanding that it may result in academic sanctions” (Article 18.1 of the Grade Student Evaluation of the Pablo de Olavide University).

- In the performance of academic work, plagiarism and the use of non-original material, including that obtained through the Internet, without clearly indicating their origin will be considered cause for student to fail the course, and if applicable, academic sanction (article 18.2 of the Grade Student Evaluation of the Pablo de Olavide University).

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8. GENERAL BIBLIOGRAPHY

8.1. BASIC:

Archel, P. et al. (2010): *Estados Contables. Elaboración, análisis e interpretación*. Editorial Pirámide, Madrid.

Palepu, K.G., et al. (2010). *Business Analysis and Valuation*. South-Western College Publishing, Ohio.

Sitckney, C.D., et al., (2007). *Financial Reporting and Statement Analysis: A Strategic Perspective*, 6th edition. Thomson South-Western, Mason.

8.2. SUPPLEMENTARY:

Altman, E.I. (1968): "Financial Ratios, discriminant analysis and the prediction of corporate bankruptcy", *Journal of Finance*, pp. 586-609.

Amat, O. (2013): *Análisis Integral de Empresas*. Editorial Profit, Barcelona.

Garrido, P., Íñiguez, R. (2010): *Análisis de Estados Contables. Elaboración e interpretación de la información financiera*, Pirámide, Madrid.

González Pascual, J. (2003): *El concurso de acreedores : una nueva solución para las empresas insolventes : perspectiva contable, financiera y jurídica, de la Ley 22/2003, de 9 de julio, concursal*, Centro de Estudios Financieros, Madrid.

Holmes, G., et al. (2008): *Interpreting Company Reports and Accounts*, 9th edition, Prentice Hall, Harlow.

Llorente, J. I. (2010): *Manual de análisis de cuentas anuales*. Ediciones CEF, Madrid.

Wild, J.J., et al. (2007): *Financial statement analysis*, McGraw-Hill, Boston.