

Financial Accounting Reporting and Analysis

Code: 106397
ECTS Credits: 6

Degree	Type	Year	Semester
2501572 Business Administration and Management	OB	3	2

The proposed teaching and assessment methodology that appear in the guide may be subject to changes as a result of the restrictions to face-to-face class attendance imposed by the health authorities.

Contact

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Use of Languages

Principal working language: catalan (cat)
Some groups entirely in English: Yes
Some groups entirely in Catalan: Yes
Some groups entirely in Spanish: Yes

External teachers

Ane Ripoll
Elena Puerto
Francesc Xavier Mayne
Inma Ruiz
José Manuel Aguilar

Prerequisites

To make the most of the FINANCIAL STATEMENTS ANALYSIS AND ASSESSMENT subject it is advisable to have acquired previously the knowledge of the INTRODUCTION TO ACCOUNTING, FINANCIAL ACCOUNTING AND COST ACCOUNTING subjects. These subjects provide the accounting knowledge needed to understand the FINANCIAL STATEMENTS ANALYSIS AND ASSESSMENT contents in an easier way.

Objectives and Contextualisation

Context:

This is a mandatory 6 credit ECTS subject for the UAB degrees of *Business Administration* and *Economics* that is offered during the second semester of the third year.

Objectives:

The objective of this subject is to teach the main financial statements of the firms: balance sheet, income statement, annual report, statement of changes in equity and cash flows statement.

The teaching of analysis tools and techniques will allow the financial statements evaluation in order to make a diagnosis of the firms' past financial and economic situation (solvency and profitability). This also will help to understand the company's future evolution and to make decisions about the mentioned situation.

To achieve this objective the methodology will be focused on practices using real accounting statements, and based on a theoretical knowledge about the elemental accounting statements.

Competences

- Act with ethical responsibility and respect for fundamental rights and duties, diversity and democratic values.
- Capacity for independent learning in the future, gaining more profound knowledge of previous areas or learning new topics.
- Capacity for oral and written communication in Catalan, Spanish and English, which enables synthesis and oral and written presentation of the work carried out.
- Demonstrate initiative and work individually when the situation requires it.
- Evaluate the usefulness of accounting information for decision-making of different users.
- Generate and transmit the appropriate accounting information at all times to the information needs of different users.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Students must be capable of collecting and interpreting relevant data (usually within their area of study) in order to make statements that reflect social, scientific or ethical relevant issues.
- Take account of social, economic and environmental impacts when operating within one's own area of knowledge.
- Use of the available information technology and adaptation to new technological environments.
- Using accounting information as a tool for assessment and diagnosis.

Learning Outcomes

1. A capacity of oral and written communication in Catalan, Spanish and English, which allows them to summarise and present the work conducted both orally and in writing.
2. Analyse the indicators of sustainability of academic and professional activities in the areas of knowledge, integrating social, economic and environmental dimensions.
3. Analyze business sectors from the annual accounts.
4. Capacity to continue future learning independently, acquiring further knowledge and exploring new areas of knowledge.
5. Critically analyse the principles, values and procedures that govern the exercise of the profession.
6. Demonstrate ethical behavior in the preparation of financial statements.
7. Demonstrate initiative and work independently when required.
8. Develop accounting information synthesis applying accounting principles and standards, as required.
9. Develop information relating to a system of management accounting.
10. Identify decisions that can be taken through the analysis and interpretation of accounting information.
11. Identify the social, economic and environmental implications of academic and professional activities within the area of your own knowledge.
12. Interpret economic indicators of an entity and its relationship to the profitability and productivity of the same.
13. Interpret financial indicators of an entity and understand the decisions that can be taken from their analysis
14. Know the accounting information systems to support the management and functions of the same in the management of organizations.
15. Make a diagnosis from the economic and financial analysis of an entity
16. Organise work, in terms of good time management and organisation and planning.
17. Recognise the qualitative variables that can influence decision-making based on the financial statements.
18. Register for accounting the economic and financial reality of organizations in accordance with the principles, standards and conventions applicable in each case.
19. Select and generate the information needed for each problem, analyse it and make decisions based on this information.

20. Students must be capable of collecting and interpreting relevant data (usually within their area of study) in order to make statements that reflect social, scientific or ethical relevant issues.
21. Use available information technology and be able to adapt to new technological settings.
22. Using the tools of financial planning and budgeting of an organization

Content

UNIT 1. INTRODUCTION. BASIC FINANCIAL STATEMENTS

1. The purpose of financial reporting.
2. Business information.
 1. Annual report.
 2. Sources of business information.
4. The role of qualitative information. Influence of risk decisions.
5. Users of business information.
6. The adversarial nature of financial reporting.

UNIT 2. FINANCIAL STATEMENTS (I)

1. The balance sheet.
 1. Structure and financial assets and liabilities. The value problem.
 2. Elements of the financial assets and liabilities and the problems in their valuation.
 3. Analysis tools of the balance sheet: percentages and growth rates.
3. The income statement. Revenues and expenses recognition.
 1. Structure and intermediate results. What is profit?
 2. Elements of the intermediate results.
 1. EBIT, EBITDA and net profit.
 2. The gross, operating and net margins.
 4. Analysis tools of the income statement: percentages and growth rates.
5. Self-financing
6. Notes to the accounts or explanatory notes.
7. Management report.
8. Auditor's report.
9. The role of the consolidated accounts.

UNIT 3. FINANCIAL STATEMENTS (II)

1. The cash-flow statement.
 1. Concept and mandatory level. Cash flow and company life cycle.
 2. Classification of flows.
 3. Preparation of the cash-flow statement: direct and indirect methods.
3. The statement of changes in equity.
 1. Concept and mandatory level.
 2. Total statement of changes in equity.
 3. The recognized statement of income and expenditure.

UNIT 4. LIQUIDITY OR SHORT-TERM SOLVENCY

1. Financial positions and equilibrium in the short-term.
2. The working capital and its classification.
3. The operating cycle: the current assets cycle and the cash conversion cycle.
 - 2.1. Concept.
 - 2.2. Types of conversion periods.
 - 2.3. Relation with the short term solvency.
4. Liquidity ratios.
5. Current capital management through statement of cash flows.

UNIT 5. LONG-TERM SOLVENCY

1. Financial positions and equilibrium in the long-term.
2. Analysis of the long term solvency from ratios.
 1. Guarantee and financial autonomy ratios.
 2. Debt ratios and capital structure.

UNIT 6. PROFITABILITY

1. The economic profitability (ROA: return on assets).
2. The financial profitability (ROE: return on equity).
3. Profitability components.
4. The financial leverage (gearing effect).

UNIT 7. MARKET INDICATORS

1. Financial Net Debt.
2. Equity Value.
3. Enterprise Value.
4. Earnings per share (EPS).
5. Pay-out and dividend per share (DPS).
6. Price-to-earnings (PER) ratio.
7. Price-book value (PBV) ratio.

Methodology

Teaching activities will be presencial, although the teaching methods can be modified depending on the indications of health authorities.

Theoretical classes: teacher's presentations using supporting material.

Practical classes: analysis and discussion of real cases. Exercises resolution and practical cases to reinforce and apply the theoretical knowledge, working individually or in group, always under the teacher's direction.

Tutorship: doubts resolution, monitoring of the assigned work and the prepared cases. Autonomous student's work: readings related to the matter, studying and preparation of diagrams, preparation of cases and exercises.

Evaluation tests and monitoring: written evaluations of the acquired knowledge.

Annotation: Within the schedule set by the centre or degree programme, 15 minutes of one class will be reserved for students to evaluate their lecturers and their courses or modules through questionnaires.

Activities

Title	Hours	ECTS	Learning Outcomes
Type: Directed			
Problem solving activities	17	0.68	2, 3, 6, 15, 11, 12, 13, 20
theoretical classes	32.5	1.3	3, 14, 6, 8, 9, 15, 10, 12, 13, 20, 17, 18, 22
Type: Supervised			
tutorial activities	8	0.32	1, 4, 7, 16, 19, 21
Type: Autonomous			
assessment activities	8	0.32	3, 1, 14, 7, 6, 8, 9, 15, 10, 12, 13, 16, 20, 17, 18, 19, 22

autonomous activities	76.5	3.06	3, 1, 4, 14, 7, 6, 8, 9, 15, 10, 12, 13, 16, 17, 18, 19, 22, 21
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Assessment

A student will be considered as "Not evaluable" to the subject only if he did not assist to all the evaluation tests. In other words, if the student goes to any test he no longer will be able to be considered as "Not evaluable".

Calendar of evaluation activities

The dates of the evaluation activities (midterm exams, exercises in the classroom, assignments, ...) will be announced well in advance during the semester.

The date of the final exam is scheduled in the assessment calendar of the Faculty.

"The dates of evaluation activities cannot be modified, unless there is an exceptional and duly justified reason why an evaluation activity cannot be carried out. In this case, the degree coordinator will contact both the teaching staff and the affected student, and a new date will be scheduled within the same academic period to make up for the missed evaluation activity." Section 1 of Article 115. Calendar of evaluation activities (Academic Regulations UAB). Students of the Faculty of Economics and Business, who in accordance with the previous paragraph need to change an evaluation activity date must process the request by filling out an Application for exams' reschedule

https://eformularis.uab.cat/group/deganat_feie/application-for-exams-reschedule

Grade revision process

After all grading activities have ended, students will be informed of the date and way in which the course grades will be published. Students will be also be informed of the procedure, place, date and time of grade revision following University regulations.

Retake Process

"To be eligible to participate in the retake process, it is required for students to have been previously been evaluated for at least two thirds of the total evaluation activities of the subject." Section 3 of Article 112 ter. The recovery (UAB Academic Regulations). Additionally, it is required that the student to have achieved an average grade of the subject between 3.5 and 4.9.

The date of the retake exam will be posted in the calendar of evaluation activities of the Faculty. Students who take this exam and pass, will get a grade of 5 for the subject. If the student does not pass the retake, the grade will remain unchanged, and hence, student will fail the course.

Irregularities in evaluation activities

In spite of other disciplinary measures deemed appropriate, and in accordance with current academic regulations, "in the case that the student makes any irregularity that could lead to a significant variation in the grade of an evaluation activity, it will be graded with a 0, regardless of the disciplinary process that can be instructed. In case of various irregularities occur in the evaluation of the same subject, the final grade of this subject will be 0". Section 10 of Article 116. Results of the evaluation. (UAB Academic Regulations).

Assessment Activities

Title	Weighting	Hours	ECTS	Learning Outcomes
deliverables	10 %	4	0.16	5, 2, 1, 4, 7, 11, 16, 19, 21
final exam	50 %	2	0.08	5, 2, 1, 4, 7, 11, 16, 19, 21

midterm exam 1	20 %	1	0.04	3, 14, 6, 8, 9, 15, 10, 12, 13, 20, 17, 18, 22
midterm exam 2	20 %	1	0.04	3, 14, 6, 8, 9, 15, 10, 12, 13, 20, 17, 18, 22

Bibliography

- Basic:

Subramanyam, K.R. (2013), "financial Statement Analysis". Irwin Accounting

Walker, J. (2009): Accounting in a nutshell. Edició 3rd ed. Electronic resource from "Biblioteca de Ciències Socials. UAB".

Complementary:

Múñoz Merchante, A; Ibáñez Jiménez, Eva (2017); Análisis de Estados Financieros

Software

Advanced knowledge of use of excel and worksheets is required.