

**Business Diagnosis**

Code: 104681  
ECTS Credits: 6

Degree	Type	Year	Semester
2501572 Business Administration and Management	OT	4	1

**Contact**

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**Use of Languages**

Principal working language: catalan (cat)  
Some groups entirely in English: No  
Some groups entirely in Catalan: Yes  
Some groups entirely in Spanish: No

**Prerequisites**

In order to correctly follow the course, it is strongly recommended to have passed the previous courses: Introduction to Accounting and Financial Statements Analysis from the Business Degree. For optimal follow-up, it is highly recommended to have successfully passed other subjects in the accounting branch such as "Cost Accounting", "Management Accounting", among others.

**Objectives and Contextualisation**

The course is oriented to the empirical analysis of companies, from the data published in their Financial Statements. The basic concepts acquired during the course will be related to profitability, productivity, sales mix, price index.

After successfully passing the course, the student will be able to:

- Extract data and information from the financial statements, and obtain certain financial KPI to perform the analysis.
- Perform a Profitability analysis methodology.
- Perform a Productivity analysis methodology.

**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

### 1. EVALUATION OF THE MANAGEMENT OF A COMPANY FROM THE OUTSIDE: SOURCES OF BASIC INFORMATION

- 1.1 The perspective of external analysis: objectives; possibilities; limitations.
- 1.2 The balance sheet: standard structure; implicit criteria; interpretation.
- 1.3. The income statement: standard structure

### 2. TABLE OF ECONOMIC-ACCOUNTING VARIABLES FOR ANALYSIS

- 2.1 Normalized variables for the balance sheet; compound variables; basic ratios.
- 2.2 Translation / summary of a balance sheet in terms of the defined variables.
- 2.3 Normalized variables for the income statement; unit costs / imputed costs

- 2.4 Translation / summary of a statement of results, in terms of the defined variables
- 2.5 Non-operating assets and results
- 2.6 Extraordinary results

### 3. EVALUATION OF ECONOMIC FUNCTIONING: THE PROFITABILITY RATE

- 3.1 The concept of profitability of a company, and its different versions
- 3.2 Models of simple factorial analysis of profitability

### 4. DYNAMIC ANALYSIS: CHANGES EXPLAINED BY EACH ELEMENTAL VARIABLE

- 4.1 Partial differences method
- 4.2 The method of averages
- 4.3 Variation rate method; index and rate of change of a temporal variable; the method of 'rates of continuous variation '

### 5. PROFITABILITY ANALYSIS MODEL, BY STAGES (I)

- 5.1 Limitations of simple factor analysis models
- 5.2 A more precise scheme: different concepts of profitability
- 5.3 Analysis of the return on equity and the leverage effect
- 5.4 Part of the variation in profitability explained by each determining variable

### 6. MODEL OF PROFITABILITY ANALYSIS, BY STAGES (II)

- 6.1 Analysis of the company's profitability
- 6.2 Analysis of the profitability of the operation
- 6.3 Determination of the effect attributable to each immediate explanatory variable

### 7. MODEL OF PROFITABILITY ANALYSIS, BY STAGES (III):

- 7.1 Analysis of the net margin rate; variation explained by each determinant variable
- 7.2 Determination of the effect attributable to each immediate explanatory variable

### 8. APPLICATIONS OF THE PROFITABILITY ANALYSIS MODEL

- 8.1 Global application of the model: really elementary explanatory variables; determination of the incidence of each elementary management variable

### 9. PRODUCTIVITY AS AN EXPLANATORY VARIABLE OF MARGIN RATE (I)

- 9.1 The concept of productivity of a company, and its different versions
- 9.2 Measuring productivity from the financial statements: Model and terminology
- 9.2 Measuring productivity from the financial statements: Model and terminology
- 9.3 Simplified analysis of the gross margin rate: an output, an input
- 9.4 The analysis of the gross margin rate in the general case
- 9.5 Determination of the effect attributable to each determining variable

### 10. PRODUCTIVITY AS AN EXPLANATORY VARIABLE OF MARGIN RATE (II)

- 10.1 Interpretation of the index of variation of the productivity of the imputed costs
- 10.2 Partial productivity of each type of productive factor included in the imputed costs
- 10.3 Determination of the effect on the margin rate of the variation in the productivity of each factor.
- 10.4 Calculating Price Indexes: A Practical Approach

### 11. EXTENSION OF THE PRODUCTIVITY ANALYSIS MODEL

- 11.1 Application to the analysis of the variable non-imputed cost rate
- 11.2 Application to the analysis of the rate of fixed non-imputed costs
- 11.3 Determination of the effect on the net margin rate
- 11.4 Application to the comparison of productivity between two companies

## 12. LABOR PRODUCTIVITY AND CAPITAL PRODUCTIVITY.

- 12.1 Productivity and level of employment of the labor factor (and other semi-fixed factors)
- 12.2 Determination of the effects on the margin rate of technical productivity and the level of employment.
- 12.3 Elements that can vary productivity per hour worked; productivity and quality of life.
- 12.4 Calculation and interpretation of the index of variation of the productivity of the Fixed Assets.
- 12.5 Interpretation of the productivity variation index in the case of a variable cost such as 'Commissions'.

## 13. APPLICATIONS.

- 13.1 Summary of the 'margin rates - productivity' model.
- 13.2 Determination of the incidence on the margin rate of each final elementary variable.

## 14. EMPIRICAL STUDIES OF PROFITABILITY AND PRODUCTIVITY

- 14.1 Presentation of the work done by each group of students

### Methodology

The following describes the organization and teaching methodology that will be followed in the different training activities.

Theory classes:

The contents of the subject will be taught by the teacher in the form of master classes, along with the study of different business cases based on real Catalan companies.

Practical classes:

The practical class sessions will be combined with the theory ones, so no specific session is set for the week. These classes will be dedicated to the resolution and commentary of the exercises and cases proposed by the teacher. In the practical classes it is necessary to use a computer or tablet with a "Spreadsheet" program such as Microsoft Excel, or Google Sheets.

Evaluation, supervision and monitoring tests:

During the course there will be two individual assessment tests described in the assessment section of this guide.

On the other hand, students will form groups of 2-3 people to carry out a work of application to real data of a company or sector of the models of analysis of the profitability and productivity students. The results of the work must be presented and defended in class in the framework of an oral presentation in executive format (approximately 10 minutes per group), and at the same time submit a dossier with the business analysis carried out.

Tutorship

There will be individual tutorship sessions for those students who wish. The aim of these sessions is to resolve doubts, comment on exercises or review concepts. In them the student is the one who must take the initiative raising the questions to treat.

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			
Practical Courses	17	0.68	5, 2, 3, 1, 4, 14, 7, 6, 8, 9, 15, 10, 11, 12, 13, 16, 20, 17, 18, 19, 22, 21
Theory Classes	32.5	1.3	5, 2, 3, 1, 4, 14, 7, 6, 8, 9, 15,

Type: Supervised		
Tutorship	7	0.28
Type: Autonomous		
Treball autònom: lectura dels textos, estudi dels contingut, preparació i resolució d'exercicis. Realització del treball d'aplicació	88	3.52

## Assessment

The evaluation of the student will be done continuously based on the following evidence:

- Examination of the content of topics 1 to 8 lasting approximately 2 hours. This control will consist of theoretical questions and practical exercises related to the topics to be evaluated. It will take place during teaching hours. The mark of this control must be at least 4 and a weight of 25% to obtain the final mark.
- Examination of the content of topics 9 to 14 lasting approximately 2 hours. This control will consist of theoretical questions and practical exercises related to the topics to be evaluated. The grade for this exam must be at least 4 and weighs 25% in the final grade of the course.
- Application work. Students will deliver the written work to the teacher and make a presentation in class in executive format, being able to use power point supports, and where they will answer the questions asked. To pass the subject it is essential to present this application work. The grade for this work must be at least 4 and weigh 50% in the final grade.

The subject can only be assessed by the assessment system described above. A student who has participated in two of the above assessment activities is considered to be participating in the continuing assessment.

Therefore, a student will be listed as NOT EVALUATED when he / she has only participated in an evaluation activity. Failure to participate in any of the assessment activities described will be graded with a zero and therefore will not allow promising with the others.

In application of the regulations of the Faculty of Economics and Business, those students who have obtained a grade equal to or higher than 3.5 and lower than 5 have the option of taking a re-assessment test. This test will consist of theoretical questions and practical exercises related to all the topics of the subject. The qualification of the re-evaluation will be qualitative and will have only two possible options: FIT or NOT FIT. Students who obtain an APTE grade are considered to pass the subject with a maximum numerical grade equal to 5. If the student obtains a NOT APTE grade, he / she does not pass the subject and will be will qualify with the grade obtained before the re-evaluation. The scheduled date for the reevaluation test is January 30, 2019 at 6 p.m.

## Assessment Activities

Title	Weighting	Hours	ECTS	Learning Outcomes
Examen Productivtat (Temes 9-14)	25%	2	0.08	5, 2, 3, 1, 4, 14, 7, 6, 8, 9, 15, 10, 11, 12, 13, 16, 20, 17, 18, 19, 22, 21
Examen Rendibilitat (Temes 1-8)	25%	2	0.08	5, 2, 3, 1, 4, 14, 7, 6, 8, 9, 15, 10, 11, 12, 13, 16, 20, 17, 18, 19, 22, 21
Realització i Presentació d'un Treball d'Aplicació	50%	1.5	0.06	5, 2, 3, 1, 4, 14, 7, 6, 8, 9, 15, 10, 11, 12, 13, 16, 20, 17, 18, 19, 22, 21

## Bibliography

Manual: Análisis del Funcionamiento Economico de las Empresas - Joaquim Vergés Jaime - 6a Edición  
Octubre 2020 - Departament d'Economia de l'Empresa

The book is available in this link: [enllaç](#)

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## **Software**

During all the session, a personal computer/tablet is compulsory with:

- Excel Sheet: Excel, Google Sheet or similar.
- Word Sheet: MS Word, Google Docs.
- Internet Browser.