

Financial Accounting Reporting and Analysis

Code: 106397
ECTS Credits: 6

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

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

Teachers

Diego Prior Jimenez

External teachers

Elena Puerto
Inma Ruiz
José Manuel Aguilar

Prerequisites

To make the most of the content provided is advised to have successfully passed Introduction to Accounting, Cost Accounting and Financial Accounting, which provide the required knowledge to follow the activities fluently as per professional knowledge. Also, a basic Excel knowledge is required.

Objectives and Contextualisation

Background:

This module is a mandatory six-credit ECTS subject for the UAB *Business Administration* degree and *Economics* degree taught in the second semester of the third year.

Objectives:

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

The teaching of analysis tools and techniques will allow the analysis of the financial statements to report the firms' past financial and economic situation (solvency and profitability). Additionally, to understand the company's future evolution and make decisions about the current situation. To develop critical thinking and to acquire professional skills.

The methodology consists of analysing companies' financial statements. Therefore, solid previous theoretical knowledge of the accounting financial statements is essential. It is a requirement to work constantly since this module is based on progressive knowledge.

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. Analyse 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

TOPIC 1. INTRODUCTION: FINANCIAL INFORMATION AND ANALYSIS OF FINANCIAL STATEMENTS

1. Concept and usefulness of the analysis of financial statements
2. Business information
 - a. Annual Report
 - b. Sources of business information
3. The role of qualitative information. Risk decision-making
4. Users of business information
5. Limitations of financial reporting

TOPIC 2. FINANCIAL STATEMENTS (I)

1. The balance sheet
 - a. Structure and accounting groups
 - b. Elements of accounting groups. The valuation problem.
 - c. Balance sheet analysis tools: percentages and variation rates
2. The income statement
 - a. Structure and items classification
 - b. Results:
 - i. EBIT, EBITDA and net profit
 - ii. Gross margin and Operating result
 - c. Income statement analysis tools: percentages and rates of variation
3. Notes to the annual report

TOPIC 3. FINANCIAL STATEMENTS (II)

1. The Cash-flow statement
 - a. Aim and requirement
 - b. The classification of cash flows
 - c. Methods: direct and indirect
 - d. Results for the period and cash for exploitation activities relationship: profit quality
2. The statement of changes in equity

- a. Aim and requirements
 - b. The comprehensive statement of changes in equity
 - c. The statement of recognised revenues and expenses
3. The management report
 4. The audit report
 5. The consolidated accounts information

TOPIC 4. ANALYSIS OF LIQUIDITY AND SOLVENCY IN THE SHORT TERM

1. Liquidity Concept
2. Financial positions and financial equilibrium in the short term
3. Working capital and its classification
4. The operations cycle: the operating cycle, and cash conversion cycle
 - a. Concept
 - b. The operations cycle: manufacturing versus services company
 - c. Relation to short-term solvency
5. Liquidity ratios

TOPIC 5. LONG-TERM SOLVENCY ANALYSIS

1. Long-term solvency concept
2. Economic and financial structure:
 - a. Financial position and equilibrium in the long term
 - b. Asset's structure ratios
 - c. Liability's structure rates- Self-financing
3. Ratios relating to assets and liabilities:
 - a. Guarantee ratio
 - b. Indebtedness ratios and financial autonomy
4. Solvency analysis from the cash-flow statement

TOPIC 6. PROFITABILITY ANALYSIS

1. Analysis of the result of the period
2. The economic return (ROA: return on assets)
3. The financial return (ROE: return on equity)
 - a. Profitability
 - b. Financial leverage
4. Market reference indicators

- a. Net Financial Debt
- b. Equity Value
- c. Enterprise Value
- d. Earnings per share (EPS)
- e. Pay-out and dividend per share (DPS)
- f. Price-to-earnings (PER) ratio
- g. Price-book value (PBV) ratio

5. Benchmarking

- a. External comparables (sector average benchmark)
- b. Full competition range
- c. Use of comparables (interquartile comparables range, OECD)

Methodology

Lectures and Tutorials are presencial

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.

Advanced knowledge of use of excel and worksheets is required to be acquired progressively during the sessions. In this sense, the case studies must be prepared IN ADVANCE. During the sessions will not be time to review the formulation but in the relevant discussion to provide managerial recommendations.

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			
Lectures	32.5	1.3	3, 14, 6, 8, 9, 15, 10, 12, 13, 20, 17, 18, 22
Problem solving activities	17	0.68	2, 3, 6, 15, 11, 12, 13, 20
Type: Supervised			
Consultation Hours	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
Independent study	76.5	3.06	3, 1, 4, 14, 7, 6, 8, 9, 15, 10, 12, 13, 16, 17, 18, 19, 22, 21

Assessment

Assessment

Case study 10%

Midterm tests 20% each one (40% overall)

Exam 50%

To calculate the overall mark is required to have at least 4.0 out of 10 in the Exam.

A student will PASS the module if having at least 4.0 marks in the Exam and the overall mark is at least 5.

A student will FAIL if the overall mark is lower than 5 or if the overall mark is 5 or more, but the exam is lower than 4.0

A student will FAIL if the overall mark is at least 3.5 marks and lower than five marks OR the overall mark is at least five marks, but the Exam is lower than 4.0

A student will FAIL and will NOT be entitled to resit if the overall mark is lower than 3.5

A student will be considered "Not evaluable" only if none of the three assessments is attempted.

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
Exam	50 %	2	0.08	5, 2, 1, 4, 7, 11, 16, 19, 21
Midterm one	20 %	1	0.04	3, 14, 6, 8, 9, 15, 10, 12, 13, 20, 17, 18, 22
Midterm two	20 %	1	0.04	3, 14, 6, 8, 9, 15, 10, 12, 13, 20, 17, 18, 22

Bibliography

- Recommended:

Software

Advanced knowledge of use of excel and worksheets is required to be acquired progressively during the sessions. In this sense, the case studies must be prepared IN ADVANCE. During the sessions will not be time to review the fomulation but in the relevant discussion to provide managerial recommendations.