

**Code:** 81000

**Subject name:** Financial Statement Analysis

### **GENERAL CHARACTERISTICS**

**ECTS:** 3

**Language/s:** English

**Type:** Obligatory

**Teachers:** Francisco Ruiz Armengol

### **DESCRIPTION**

#### **BRIEF DESCRIPTION AND JUSTIFICATION**

The objective of the subject is to develop advanced contents of analysis of the financial information of companies, both financial and non-financial. Firstly, a review of the basic concepts of the analysis of financial information (balance sheet, profit and loss account and report) for non-financial companies (solvency ratios, profitability, ...) is carried out, expanding information by including advanced analysis concepts. All this by working on a case study of a real company.

Secondly, we analyze the financial information of non-financial companies: credit institutions and investment services companies, all through the application to a practical case of a real company. The explanation begins by explaining the financial statements of these types of companies, pointing out their differences and particularities with respect to non-financial companies. Subsequently the most common ratios and analytical instruments in the sector are developed and applied.

Students will thus be able to analyze the financial statements of a company, both financial and non-financial, using both basic and advanced analysis tools that will allow them to draw conclusions about the entity's progress and its possible future evolution.

#### **Competencies**

As a consequence of the acquisition of the contents of the subject, the student will be able to:

CE1. Students are able to make investment or financing decisions based on the analysis of market and business information. (Interpretation and analysis of financial information).

### **Prerequisites**

Requirements legally established to access postgraduate programs:

Degrees in the field of social, scientific or technological sciences.

### **Contents**

1. Analysis of financial information. Non-financial companies
  - 1.1. Analysis of the income statement, balance sheet and statement of cash flows
  - 1.2. Relationship between profitability and leverage
  - 1.3. Advanced models for assessing the cost of capital of the company
  - 1.4. Analysis and evaluation of investments
    - 1.4.1. Equities
    - 1.4.2. Fixed rent
  - 1.5. Use of ratios to plan and formulate forecasts about the future of the company
2. Analysis of financial information. Financial companies
  - 2.1. Models of financial statements of credit institutions
    - 2.1.1. The balance of financial companies
      - 2.1.1.1. Asset operations
      - 2.1.1.2. Passive operations
    - 2.1.2. The income statement of financial companies
  - 2.2. Main ratios and measures of performance of financial companies.
    - 2.2.1. Coefficient of cash and computable liabilities
    - 2.2.2. Solvency coefficients: regulation
      - 2.2.2.1. Definition of the entity's own resources

2.2.2.2. Cost of own resources

2.2.3. Profitability and leverage

2.2.4. The role of Basel III in solvency

**METHODOLOGY**

**TRAINING ACTIVITIES:**

Training activities	ECTS	Competencies
Lectures presenting concepts and procedures	1,3	CE1
Practical sessions (exercises, case resolution)	0,4	CE1
Assignments by Students	0,4	CE1
Seminars or tutorials	0,2	CE1
Personal study activities	0,6	CE1
Assessment sessions	0,1	CE1
Internship in Company		
TOTAL	3	

**EXPLANATION OF TEACHING METHODOLOGY**

There are two types of training activities:

1.- Exposition and reading of theory on matter

It corresponds to the exposition of the subject by the teacher and to the study of the subject by the student. In this activity we try to know the theoretical fundamentals of the subject, as well as the basic concepts of the analysis: solvency ratios, profitability, relationship between the magnitudes ... for both financial and non-financial companies, to proceed with their interpretation and analysis.

2.- Practical exercises and case discussion

It corresponds to the preparation by the students of the practices corresponding to each theoretical theme. This activity develops the knowledge that leads to the specific competence of interpretation and analysis of financial information. This section takes into account both the practical sessions, the seminars and tutorials that are developed during the course, and the sessions of continuous evaluation. The work is done both individually and in working groups. Their purpose is to analyze and interpret financial information of both financial and non-financial companies in order to be able to explain their past situation and to foresee the future evolution of the financial statements and their items.

## METHODS OF EVALUATION

### Methods of evaluation

Methods of evaluation	Weigth	Competencies
Final exam	20%	CE1
Partial exams		
Following up activities	40%	CE1
Homework and presentations	40%	CE1
Experimental work or fieldwork	-	
Projects	-	
Evaluation of the company or institution	-	
Participation	-	

## LEARNING OUTCOMES

At the end of the course the student should be able to:

- Carry out the economic and financial analysis of both financial and non-financial companies:

- Knowing what the causes of the company are in the current situation, detecting both the main strengths and weaknesses in terms of revenue, costs, collections, payments, investments and financing.
- Be able to establish forecasts regarding the future of the company with respect to the previous terms.
- Be able to make decisions regarding the investment and financing activities of the company.

### **EVALUATION**

The final grade of the subject responds to criteria of continuous evaluation and will be the result of applying the following percentages: 20% for the grade obtained in the final exam, and 80% for the grade of the works presented by the students and follow-up activities.

### **EVALUATION OF COMPETENCIES**

In all the evaluation activities of the subject, the specific competence of interpretation and analysis of financial information is evaluated, since the students must be able to analyze financial statements of different real companies, adapting the analysis to the particularities of each one.

The specific competence of interpretation and analysis of financial information is developed throughout the exhibition, since it is the basic objective of the subject that students are able to make investment or financing decisions based on the analysis of market and company information.

### **Bibliography**

### **Bibliography**

Blanco Mendiáldua, A. Gestión de entidades financieras. Ed. ESIC

González-Pascual, J. Análisis de la empresa a través de su información económico-financiera. Fundamentos teóricos y aplicaciones. Ed. Pirámide.

López Pascual, J.; Sebastián González, A. Economía y gestión bancaria. Ed. Pirámide.

Wild, J. J.; Subramanyam, K. R.; Halsey, R. F. Análisis de estados financieros.  
Ed. McGraw-Hill.

**PREVIOUS CHANGES**

**LAST REVISION**