Financial Accounting and Analysis
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Objectives
The objective of the course is to introduce the student to the analysis of the financial statements of a (listed) company. In particular, by the end of the course the student is expected to be able to:

- Understand the differences in structure and usefulness of the different financial statements and the impact of accounting regulations on said statements.
- Analyze the financial and economic situation of a company from the data contained in the different financial statements.
- Turn the information in the financial statements into a coherent report which describes the conclusions of the analysis.
- Understand the peculiar structure of the financial statements of a company in the financial sector (mainly, a bank).

Description
Financial accounting and analysis deals with the public information that companies produce about their financial and economic activities. The course will first present the different documents that comprise the financial statements of a company (the statement of financial situation, the income statement, the cash-flow statement, the statement of changes in equity and the notes). Each of the four main financial statements will then receive separate attention: we will place the emphasis on understanding the information contained in the specific statement and on analyzing how that information helps to obtain an accurate assessment of the financial and economic situation of the company. Our discussion will always put the analysis of the financial statements in the context of the financial management of the firm: the information in the financial statements is the starting point for the analysis of a firm's investment and financing decisions and, as a consequence, for firm valuation.

Finally, the course will include a few sessions on the specificities of the banking sector: the structure of the financial statements of a bank is very different from that of a "typical" industrial firm. We will try to flesh out the main differences and to review the topics of highest importance for a correct analysis of a bank's financial information.

Contents
Part A: Introduction to the financial statements
- Introduction to the financial statements: structure and measurement
- Financial statements and valuation
- Financial statements, accounting and valuation

Part B: The analysis of the financial statements
- The main financial statements
- The analysis of the statement of shareholder's equity
- The Analysis of the Balance Sheet (I): asset and liability composition
- The Analysis of the Balance Sheet (II): working capital issues; the SSAF
- The Analysis of the Income statement
- The Analysis of the Cash-flow statement
- The Analysis of Profitability
- The Analysis of Growth and Sustainable Earnings
MSc in Finance and Banking

- Analysis of the Quality of the Financial Statements
- Analysis of Credit Risk and Return

**Part C: Financial statements in the banking industry**
- Financial statements in the banking industry

**Presentations**
- Student presentations

**Methodology**
There will be 10 three-hour sessions (see detailed planning below), each of which will consist of two 1.5 hour sessions with a 30 minute break. Four of the sessions will be case studies, whereas the rest will be lectures which will incorporate practice exercises. In order to follow the lectures and case analyses, the student should prepare for both through personal study, and the completion of some individual and/or team complementary tasks.

Lectures will mainly develop the concepts and methodologies that make up the main components of the course list (see lecture plan below). These classes are (loosely) based on the textbooks that support the course, but we have prepared a set of slides which review the main material more specifically. Both the textbooks and the slides should be the fundamental support for personal preparation before and / or after the lectures.

The practice sessions (marked in the planning as "Case analysis") will include the discussion of the financial statements of real companies. During these practice sessions, we will encourage student participation in the discussions. Students are required to turn in a (short) report on the case prior to class discussion. The case write-up will have some guiding questions which will help preparing these reports. In the last practice session you will need to do a group presentation of a full case analysis. Details on this presentation will be provided in the first week of class.

**Evaluation criteria**
In order to pass the course, you should get at least 50 points out of 100, according to the following distribution:

- Final exam: 80 points (must get at least 32 to pass the course)
- Group presentation: 10 points.
- Short summaries of cases: 10 points.

**Professor’s bio**
Prof. Gómez Biscarri holds an MA in Economics and a PhD in Business Economics from UCLA. He is professor of Accounting and Finance at Pompeu Fabra Unversity, Barcelona Graduate School of Economics and UPF Barcelona School of Management. He is also part-time professor at IESE Business School and Deusto Business School. His current research focuses on the impact of accounting on the banking sector, specifically on earnings management behaviour and on the effect of new accounting regulations on bank's strategies.