

Module: Financial Statement Analysis**SPECIALISED**

▶ Department: Finance	run by ESCOEX International Business School,
▶ Status: Specialised	Business & Finance
▶ Credits: 20	
▶ Level 5	
▶ Pre-Requisites: Cost Accounting	Organiser: Leticia Díaz

Overall Aims and Purpose

The purpose of this module is to teach students how to read and interpret a companies annual accounts and that they are able to take Business decisions based on the economic and financial structure of the same. They should be able to identify the economic-financial risks related to liquidity, solvency and the profitability of the company.

Learning Outcomes

On successful completion of this module, the student will be able to:

1. Understand the structure of company accounts that's is to interpret a balance sheet and a profit and loss account
2. Based on the interpretation the accounts, the student will be able to calculate the liquidity, solvency and the profitability of the company.
3. Understand and use the basic Concepts of auditing

Indicative Content

- 1.** Financial statements: Annual accounts
Balance sheet, profit and loss account, ledger, changes in patrimony, cash flow forecast
- 2.** Introduction to the analysis of financial statements.
Concepts and objectives, methodology, comparison of financial statements, ratios.
- 3.** Short term financial analysis
Liquidity, current working capital, average period of maturity, operating cycle and cash flow cycle, ratios.
- 4.** Long term financial analysis
Solvency, indebtedness, self funding, basic coefficient of funding, Ratios
- 5.** Analysis of results and profit
Economic profitability, financial profitability, financial and operational leverage, break even point, ratios
- 6.** Consolidated annual accounts

Assessment Methods

A final exam worth 70%
1 assignment worth 30%

Teaching and Learning Strategy

The methodology fort this module will have a very practical focus, the students are not expected to learn things by memory but know how to put them into practise.

200 notional learning hours comprising 112 hours classroom-based and 88 hours tutor-directed student

learning.

Key Skills Taught

D1: Communication and presentation skills including audio, oral and written, using a range of methods.

D2: Numeracy, computing & information technology skills; this requires familiarity with a range of business data, research sources and appropriate methodologies

D4: Problem solving skills including identifying, formulating and solving business problems; the ability to create, evaluate and assess a range of options, together with the capacity to apply ideas and knowledge to a range of situations

D5: The ability to self-appraise and reflect on practice including the development of skills associated with critical reflection

Indicative Reading

Essential Reading:

- ALFONSO LÓPEZ, J.L.(2008): Cierre contable 2008. Primera aplicación del nuevo Plan General de Contabilidad. Ed. Asociación Española de Contabilidad y Administración de Empresas
- ARCHEL, P.; LIZARRAGA, F., SÁNCHEZ, S. y CANO, M (2010): Estados contables. Elaboración, análisis e interpretación. Ed., Pirámide, Madrid.

Journals: Actualidad Económica

Business newspapers: Especial Negocios de El País, Expansión, Cinco Días, Gaceta de los negocios.

Websites: www.contabilidad.tk (Chapter 18), www.gestiopolis.com, www.tecnicacontable.com