## Syllabus

### Course title
Advanced Financial Statement Analysis

### Course code
25400

### Scientific sector
SECS-P/07

### Degree
LM 77 Master in Accounting and Finance

### Semester and academic year
2nd Semester 2018-2019

### Year
1

### Credits
6

### Modular
No

### Short Description
The course explores the tools needed to analyze and exploit information in corporate financial statements. The main objective of the course is to equip students with the knowledge and skills necessary to read, interpret and analyze financial statement data in order to make informed business decisions regarding investment, credit, or resource allocation. Such skills are required for equity and credit analysts, executives, bankers, auditors, consultants and other users of financial information.

The course addresses questions such as:
1. How do operating and financial decisions contribute to a firm’s return?
2. Why does a firm’s performance differ from that of its competitors?
3. Has the firm distorted its accounting numbers and how does this influence its reported performance?
4. How does the financial performance of today predict future events, such as credit default or equity valuation?
5. How can a firm forecast financial statements over multiple years?
6. How to derive the “right cash flow” for DCF valuation?

### Total lecturing hours
36

### Total lab hours
Not foreseen

### Total exercise hours
Not foreseen

### Attendance
suggested, but not required

### Prerequisites
The frequency of the course “Introduction to Accounting” is strongly suggested to properly follow these lectures.

### Course page
https://www.unibz.it/it/faculties/economics-management/master-accounting-finance/

### Specific educational objectives
The course refers to the educational activities chosen by the student and belongs to the scientific area of Business Administration, in particular it helps:

1. As a reader to understand how to interpret the financial disclosure and as a preparer how to communicate what is relevant for stakeholders
2) As an investor how to assess firms performance.

**Educational objectives:**
The main objective of this course is to equip you with the knowledge to:

- a) read, interpret and analyze financial statement data in order to make informed business decisions regarding investment, credit, or resource allocation.
- b) compare financial statement of different countries in different accounting principle regime
- c) evaluate the fairness of M&A deal
- d) understand and present to stakeholder the firm’s financial results

Such skills are required for equity and credit analysts, executives, bankers, auditors, investor relations managers, consultants and other users of financial information.

The course addresses questions such as 1) How do operating and financial decisions contribute to a firm’s return? 2) Why does a firm’s performance differ from its competitors? 3) Has the firm distorted its accounting numbers and how will this influence its reported performance? 4) How does the financial performance today predict future events, such as credit default or equity valuation? 5) How can a firm forecast financial statements over multiple years? 6) How to derive the “right cash flow” for DCF valuation?

<table>
<thead>
<tr>
<th>Lecturer</th>
<th>Prof. Massimiliano Bonacchi, Office E207 <a href="mailto:massimiliano.bonacchi@unibz.it">massimiliano.bonacchi@unibz.it</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific sector of the lecturer</td>
<td>SECS-P/07</td>
</tr>
<tr>
<td>Teaching language</td>
<td>English</td>
</tr>
<tr>
<td>Office hours</td>
<td>please refer to the lecturer’s web page</td>
</tr>
<tr>
<td>Lecturing assistant</td>
<td>Not foreseen</td>
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<tr>
<td>Teaching assistant</td>
<td>Not foreseen</td>
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<tr>
<td>Office hours</td>
<td>No assistant</td>
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<tr>
<td>List of topics covered</td>
<td>The course consists of three integrated parts:</td>
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<td></td>
<td>1. Understanding the business environment and financial reporting quality.</td>
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<td></td>
<td>We need to understand the business environment and company-reported accounting information, in particular:</td>
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<td></td>
<td>2. Adjusting and assessing financial information.</td>
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</table>
We will apply tools for adjusting and assessing financial statement information for profitability and credit risk analysis.

3. **Forecasting financial information and using it for valuation:**
   We will translate our knowledge of the business environment and a company’s current status to form predictions about future financial performance and conditions. We apply the forecasted information in a discounted valuation model.

<table>
<thead>
<tr>
<th>Teaching format</th>
<th>The course will combine in-class explanation, problem-solving and case discussion. Students are expected to participate actively in class.</th>
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</table>
| **Learning outcomes** | Knowledge and understanding of financial statement analysis and evaluation tools.

   Ability to apply knowledge and understanding ratio analysis, cashflow analysis and evaluation models.

   Making judgments on the appropriate ratio analysis, cashflow analysis and evaluation models.

   Communication skills to evaluate reporting performance of a firm.

   Learning skills: Ability to apply ratio analysis, cashflow analysis and evaluation models. |

| Assessment | Non-attending student:
Written exams

Attending students:
Midterm and Final written exam, Assignments, Group Project |
| Assessment language | English |
| Evaluation criteria and criteria for awarding marks | Not Attending Students
Not attending students are evaluated through a final exam (100%) that covers the following textbook Chapters: 1, 2, 8, 9, 10, 11, 12, 18, 20

Attending Students
Midterm 30%, Final 40%, Assignments 20%, Class Participation 2%. |
### Required readings

FINANCIAL STATEMENT ANALYSIS AND SECURITY VALUATION  
Edition: 5  
Authors: Stephen H Penman  
ISBN: 9780071326407

### Supplementary readings

Also, for most course topics, I will provide additional readings and exercise