



**Subject:** Financial Statement Analysis

## SYLLABUS

### **Topic 1. Summary of the Financial Reporting Ecosystem**

- 1.1. A Brief Financial Reporting History
- 1.2. The International Financial Reporting Standards and General Framework
- 1.3. Parameters of the Information Quality, Users and Risks
- 1.4. Corporate Governance and Information Asymmetry
- 1.5. Financial Statement Components
- 1.6. Limits and Challenges of the Financial Reporting Environment

### **Topic 2. Overview of Financial Statement Analysis and Valuation**

- 2.1. Proceedings of Financial Statement Analysis. From the Industry Economic Characteristics to Company Strategy
- 2.2. The Dichotomy of Assessment: Internal Recognition and Business Valuation
- 2.3. Recognition and Inferences in Assets and Liabilities, and Income Valuation
- 2.4. Income and Cash Flows. Understanding and Interpretation of Cash Flow Statement by Industry and Stages of Growth

### **Topic 3. Profitability and Risk Analysis**

- 3.1. Overview of Profitability Analysis
- 3.2. Types of Analysis and Definitions of Profits
- 3.3. Common Financial Statement Ratios for Profitability Assessment
- 3.4. Risk Analysis: Disclosures and Financial Flexibility Analysis
- 3.5. Short-term Liquidity Risk Analysis
- 3.6. Long-term Solvency Risk Analysis
- 3.7. Credit and Bankruptcy Risk Analysis
- 3.8. Financial Reporting Manipulation Risk

### **Topic 4. Business Cycles Analysis**

- 4.1. Financing Activities: Equity, Debt and Leases
- 4.2. Investing Activities: Long-term Operating Assets, Securities and Foreign Currency Translations
- 4.3. Operating Activities: Revenue and Expense Recognition (Accomplishments and Efforts), Income Taxes, Retirement Benefits, Derivative Instruments

### **Topic 5. Forecasting Financial Statements**

- 5.1. Introduction to Forecasting
- 5.2. Preparing Financial Statements Forecasts

- 5.3. A Seven-Step Forecasting Procedure
- 5.4. Shortcut Approaches to Forecasting
- 5.5. Projected Financial Statements Analysis
- 5.6. Sensitivity Analysis

**Topic 6. Business Valuation**

- 6.1. Introduction and Overview of Valuation Models
- 6.2. Risk-Adjusted Expected Rates of Return and Dividends Valuation Approach
- 6.3. Cash-Flow-Based Valuation Approaches
- 6.4. Earnings-Based Valuation Approaches
- 6.5. Market-Based Valuation Approaches

**References:**

1. Fridson, M.S. and Alvarez, F., *Financial Statement Analysis: A Practitioner's Guide*, 4th edition, Wiley, 2011, ISBN-10: 0470635606; ISBN-13: 978-0470635605
2. Stolowy, H. and Lebas, M. J., *Financial Accounting and Reporting: A Global Perspective*, 2nd edition, Cengage Learning EMEA, 2006, ISBN-10: 1844802507; ISBN-13: 978-1844802500
3. Wahlen, J.M., Baginski, S.P. and Bradshaw, M., *Financial Reporting, Financial Statement Analysis and Valuation: A Strategic Perspective*, 7th edition, Cengage Learning, 2010, ISBN-10: 0324789416; ISBN-13: 978-0324789416