



Course	Financial Statement Analysis
Code	1F0162
Academic Department	Finance
Prerequisite	Foundations of Accounting
Academic Term	2023-I
Section	A
Instructor	Juan Carlos Salinas Morris (j.salinas@up.edu.pe)
Teaching Assistant	Marco Antonio Salinas Morris (marcosalinasmorris@gmail.com) Samira Nilufar Arzanlou Velarde (sn.arzanlou@up.edu.pe)

I. COURSE SUMMARY

The course aims to provide students with the theoretical tools necessary to comprehensively evaluate the financial situation of a company. At the end of the course, the student should be able to answer a broad set of questions based on the correct use of a company's information sources (internal and external). The student would be to elaborate consistent and sound reports, linking the financial aspect with the management of the company and the business decisions relevant to its environment.

II. ASSESSMENT

Assessment Type	Weight
Midterm Exam	20%
Final Exam	30%
Assignments*	50%

* This component includes the following:

- 2 Exams (Individual): 20%
- 2 Graded Cases (Group): 20%
- Class Participation (Individual): 10%

In case any student experiences any extenuating circumstance that does not allow them to sit an exam, and providing the student adequately justifies the event, the following rules will apply:

- If the student cannot sit the Midterm Exam, the grade for this assessment will be same as the one obtained in the Final Exam.
- If the student cannot sit the Final Exam, the instructor will reschedule in coordination with the student.

III. CLASS CONDUCT

- Use of mobile devices (e.g., phones, tablets, etc.) is not allowed in class. Please mute (or turn off) and put away your phones during class time.
- Students will not engage in any activities unrelated to the course.
- Lectures should NOT be recorded for ANY reason, and all lectures will be held under the Chatham House Rule (students are free to use the information received but neither the identity nor the affiliation of any participant may be revealed).



IV. COURSE STRUCTURE

SECTION 1: Introduction, Financial Reporting Mechanics and Standards

1. Major Financial Statements and Other Information Sources
2. Accounting Systems
3. Objectives, Standard-Setting Bodies and Regulators
4. Effective Financial Reporting

SECTION 2: Understanding Main Financial Statements

1. Balance Sheet
2. Income Statement
3. Comprehensive Income
4. Cash Flows

SECTION 3: Financial Analysis Techniques

1. Activity, Liquidity, Solvency and Profitability Ratios
2. DuPont Analysis
3. Application in Non-financial and Financial Business

SECTION 4: Key Topics

1. Inventories
2. Long-Lived Assets
3. Non-Current (Long-Term) Liabilities

SECTION 5: Evaluating Quality of Financial Reports

1. Conceptual Framework
2. Potential Problems
3. Sustainable Earnings, Earnings Quality, Cash Flow Quality, Balance Sheet Quality

V. READING LIST

Mandatory readings

- L1** Robinson, T., Henry, E., Pirie, W., Broihahn, M. and Cope, A. (2015). International Financial Statement Analysis, Third Edition. New York, NY: John Wiley & Sons.

Complementary readings

- L2** **CFA – LEVEL I (2018):**

Study Session 6: Financial Reporting and Analysis: An Introduction (Readings 21-23)

Study Session 7: Financial Reporting and Analysis: Income Statements, Balance Sheets and Cash Flow Statements (Readings 24-27)

Study Session 8: Financial Reporting and Analysis: Inventories, Long-lived Assets and Non-current Liabilities (Readings 28-31)

Study Session 9: Financial Reporting and Analysis: Financial Reporting Quality and Financial Statement Analysis (applications) (Readings 32-33)



VI. COURSE SCHEDULE

Week	Topic	Readings	Deliverable
1	Topic 1: Financial Statement Analysis: An Introduction, Financial Reporting Mechanics, Financial Reporting Standards	L1: 1, 2, 3	
	Recitation: Review of Accounting basics		
2	Topic 2: Understanding Income Statements (I)	L1: 4	
	Recitation: IS questions		
3	Topic 2: Understanding Income Statements (II)	L1: 4	
	Recitation: Exam N°1		Exam N°1
4	Topic 3: Understanding Balance Sheets	L1:5	
	Recitation: BS questions		
5	Topic 4: Understanding Cash Flow Statements	L1:6	
	Recitation: Exam N°2		Exam N°2
6	Topic 5: Financial Analysis Techniques	L1:7	
	Recitation: Unidentified Industries		
7	Case: Unidentified Industries + Midterm review		
	Recitation: Midterm review + Apple Inc. Case review (GAAP vs. Non-GAAP)		
8	Mid-Term Exam		
9	Topic 6: Inventories	L1: 8	
	Recitation: Inventories questions + FSA case study		
10	Topic 7: Long-lived Assets	L1:9	
	Recitation: Long-lived assets questions + FSA case study		
11	Topic 8: Non-Current (Long-Term) Liabilities (I)	L1:9	Case N°1 questions
	Recitation: Non-Current Liabilities questions + FSA case study		
12	Topic 9: Topic8 (II) + Financial Analysis Techniques for Banks (I)	L1: 15	Case N°1 answers
	Recitation: FSA in class case study		
13	Topic 10: Financial Analysis Techniques for Banks (II) + Financial Reporting Quality & Quality of Earnings Analysis (I)	L1: 15	
	Recitation: FSA case + Documentary discussion "The Enron Case"		
14	Topic 10: Financial Reporting Quality & Quality of Earnings Analysis (II)	L1: 11	Case N°2 questions
	Case: FSA in class case study		
15	Case: A Letter from Prison (review) + Course wrap-up		Case N°2 answers
	Recitation: Final review		
16	Final Exam		