

Accounting Graduate Program
Faculty of Economics and Business
Universitas Gadjah Mada

Syllabus
Financial Statement Analysis

Description

Financial statement analysis is an integral part of a wider business analysis framework—evaluating business prospects and risks to determine the intrinsic value of a business organization. The Financial Statement Analysis course will discuss three main topics: (a) financial reporting and overview of financial statement analysis, (b) accounting analysis, and (c) financial analysis.

Topic (a) discusses financial statement analysis by considering its relevance for business decisions and explaining the nature and objectives of financial accounting and statement, including the accounting environment. Topic (b) discusses detailed analysis on financing, investment, and operational activities. This topic covers a detailed analysis on specific intracompany investment activities and the concept of profit as the opposite of cash flow. Topic (c) discusses the application and interpretation of financial analysis tools to analyze the following: cash flow, return on invested capital, financial statement projection, credit analysis, and earning-based analysis, as well as equity valuation.

After completing this course, students are expected to be able to (a) perform a financial statement analysis as an unseparable part of business analysis, and (b) perform accounting and financial analyses.

Text books

Subramanyam, K.R. 2014. *Financial Statement Analysis*. 11th Ed. McGraw-Hill. Boston.

Detailed Topics of Discussion

No	Topic of Discussion
1	Overview of Financial Statement Analysis

2	Financial Reporting and Analysis
3	Analyzing Financing Activities
4	Analyzing Investing Activities
5	Analyzing Investing Activities: Intercorporate Investments
6	Analyzing Operating Activities
7	Cash Flow Analysis
8	Return on Invested Capital Profitability Analysis
9	Prospective Analysis
10	Credit Analysis
11	Equity Analysis—Earnings Persistence
12	Equity Analysis—Earnings-Based Valuation
13	Equity Analysis—Earning Power and Forecasting
14	Comprehensive Review

Method and Assignments

This course consists of 14 class meetings, and every class meeting is 2.5 hours in duration. On the first meeting, instructor will deliver a lecture for a full 2.5 hours to explain the overview of financial statement analysis. In the following meetings, instructor will give a 1-hour lecture followed by students' presentations and discussions regarding the material and the result of home assignment. On average, the weekly assignment is equal to 3 mini case problems at the end of every chapter of the text book.

Every student is required to write a paper on an analysis of a financial statement of a public business corporation. After the first meeting, students must choose one company to analyse in accordance with the topic discussed in each meeting. This way, students are expected to gain useful practical experience. This is also how students could work on their paper little by little.

Final Grade

Students' final grades will be determined based on the following elements:

Discussions and regular assignments	20%
Mid-term examination	30%
Final examination	30%

Paper

20%

The following is the conversion of the numerical final grades into letter grades:

Grade	Value
A- through A	85% through 100%
B-, B, through B+	75% through 84.99%
C through C+	60% through 74.99%
D	50% through 59.99%
E	0% through 39.99%