



## Course and Examination Fact Sheet: Autumn Semester 2020

### 9,117: International Financial Statement Analysis

ECTS credits: 6

#### Overview examination/s

(binding regulations see below)

Decentral - Written examination (80%, 90 mins.)

Examination time: term time

Decentral - Group examination paper with presentation (all given the same grades) (20%)

Examination time: term time

#### Attached courses

Timetable -- Language -- Lecturer

[9,117,1.00 International Financial Statement Analysis](#) -- Englisch -- [Hopfmüller Lisa](#) , [Dinh Tami](#)

#### Course information

#### Course prerequisites

Students of this course are expected to have a basic understanding of introductory accounting and book-keeping. If you do not have the basic knowledge of accounting topics, you may want to take 8,102 Financial Reporting first and take this course after you have completed 8,102. However, students can also refresh their accounting knowledge based on the introductory chapters of the textbook.

#### Learning objectives

##### General learning objectives:

After this course, students should be able to:

- describe the bases of financial statement analysis
- apply tools and techniques used by analysts (e.g. ratio analysis, analysts' adjustments)
- identify the main differences between IFRS and US GAAP
- perform trend analyses, cross-sectional comparisons and valuation techniques
- critically reflect necessary adjustments to reported figures when analyzing financial statements
- apply the results of financial statement analysis in practical situations and valuation context (e.g. Mergers and Acquisitions, Equity Analysis)

#### Course content

##### Course aims and student learning outcomes

The aim of this course "International Financial Statement Analysis" is to provide students with a perspective on how to use financial accounting information from an analyst's point of view.

During the first half of the course, students will be exposed to various financial reporting and analysis topics. Students will get to know tools and techniques necessary to perform an analysis of financial statements related to the topic as well as to apply valuation models. Students will learn what adjustments analysts have to make to reported accounting information in order to perform analyses such as trend analyses or a comparison with companies using different accounting standards and valuation techniques.



The focus of the second half of the course will be a practitioner's view on financial statement analysis and corresponding implications for equity valuation topics from an M&A and equity analyst's point of view. During the three block seminar days, students will discuss a wide range of different case studies and practical applications. Building on the knowledge what adjustments analysts have to make to reported accounting information, the second part of the course creates the base enabling students to cope with a wide range of practical problems related to financial statement analysis. These include comparative financial statement analysis techniques and the preparation of investment recommendations. Based on the financial information provided, students will be asked to determine if an investment could be attractive to an investor in private and public equities. Thereby, students will know how to link financial statement analysis techniques with predominant valuation techniques used by analysts and will be able to put together high-quality peer groups for valuation purposes.

At the end of the course students should have gained in-depth disciplinary knowledge applicable in a wide range of working places (e.g. banks, M&A companies etc.). The focus is on IFRS pointing out major differences to US-GAAP and consequences for the analysis of financial statements as well as linking the information generated within financial statement analysis to practical applications. The course is designed at encouraging critical thinking and problem solving applicable to understanding a firm's current performance as well as making reasonable estimates about its future performance and evaluating the attractiveness to a potential investor.

## Topics

- Financial analysis foundations and understanding financial statements: Income statement, balance sheet and cash flow statement
- Accounting analysis
- Financial analysis
- Analysis of inventories
- Analysis of long-lived assets
- Analysis of leases
- Forecasting
- Valuation
- Financial reporting quality
- Financial statement analysis techniques
- Applications of financial statement analysis for equity analysts
- Financial statement analysis and valuation (with focus on the major valuation concepts applicable for M&A / Equity analysts)
- Financial statement analysis in Private Equity

## A few thoughts...

Sessions are designed to be interactive to maximize the learning outcome. Participation and contribution is expected by everyone for which it is imperative that class preparation is taken seriously. Careful and complete preparation is the only way to enable lively debates and discussions to take place in class. Further, critical thinking is encouraged as science is all about exchange and development. As you are your own most valuable asset, and are individually responsible for the skills, knowledge and competence package that is part of you, it is assumed that you desire to do well in the course. To this end you will be fully supported. However, you are expected to play the major role in your outcome. To do so, you are required to familiarize yourself with the prescribed readings for the course prior to the sessions, to attend lectures, reflect on and apply what you learn, and to complete the assessment performance.

## Course structure

5 Double Lectures, 3 Blockdays and the Exam

All lectures and blocks seminar days including the group presentations will be conducted online via Zoom. There will be a range of interactive elements. The recordings of the course will not be made available to encourage active participation.

## Course literature

### Textbook and readings

- Palepu K.G., Healy P.M., Peek E., 2019, Business Analysis and Valuation, Cengage Learning EMEA, 5<sup>th</sup>ed.



- Penman, S.: Financial Statement Analysis and Security Valuation, 5th ed. (McGraw-Hill/Irwin, 2012)
- Robinson, T. R., Henry, E., Pirie, W. L., and Broihahn, M. A., 2015, International Financial Statement Analysis, John Wiley & Sons Inc., 3rd ed., New Jersey.

## References

IASB International Financial Reporting Standards latest edition (accessible through [eifrs.iasb.org](http://eifrs.iasb.org))

## Additional course information

**In the case of the President's Board having to implement new directives due to the SARS-CoV-2 pandemic in AS2020, the course information listed above will be changed as follows:**

- **There are no changes necessary to the course information.**

**The examination information listed below would be changed as follows:**

- **The written examination is conducted online and is being recorded.**

## Examination information

### Examination sub part/s

#### 1. Examination sub part (1/2)

##### Examination time and form

Decentral - Written examination (80%, 90 mins.)

Examination time: term time

##### Remark

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##### Examination-aid rule

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

##### Supplementary aids

No further means of aid are allowed.

##### Examination languages

Question language: English

Answer language: English

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#### 2. Examination sub part (2/2)

##### Examination time and form

Decentral - Group examination paper with presentation (all given the same grades) (20%)

Examination time: term time

##### Remark



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## Examination-aid rule

### Term papers

Term papers must be written without anyone else's help and in accordance with the known quotation standards, and they must contain a declaration of authorship which is a published template in StudentWeb.

The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the chosen citation standard such as APA or MLA.

For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B., *Juristisches Arbeiten: Eine Anleitung für Studierende*, newest edition respectively, or according to the recommendations of the Law School).

The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into texts in accordance with the precepts of the applicable quotation standard, while informative and bibliographical notes must be added as footnotes (recommendations and standards can be found, for example, in METZGER, C., *Lern- und Arbeitsstrategien*, newest edition respectively).

For any work written at the HSG, the indication of the page numbers is mandatory independent of the chosen citation standard. Where there are no page numbers in sources, precise references must be provided in a different way: titles of chapters or sections, section numbers, acts, scenes, verses, etc.

## Supplementary aids

No further means of aid are allowed.

## Examination languages

Question language: English

Answer language: English

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## Examination content

### *Contents of assessment*

- The exam will cover material from the whole course.
- The presentation will take place during the block seminars; hence, participation is compulsory during these days to pass the group presentation part of the assessment.
- Slides for each topic as well as individual case studies are made available on Canvas. In addition, students are expected to read the relevant chapters of the suggested textbooks and reference books.
- Students will be assessed on understanding rather than memorizing.

## Examination relevant literature

- Slides for the course are based on the textbook. When preparing for the exam, students are expected to read the relevant chapters of the suggested textbook and reference books.
- The presented case studies concerning individual topics discussed in class are also relevant for the exam.
- In addition, throughout the course the lecturers may provide additional readings, which are relevant for the exam.



## Please note

Please note that only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW51) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 42 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 34 (Thursday, 20 August 2020);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 42 (Monday, 12 October 2020);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 42 (Monday, 12 October 2020);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 44 (Thursday, 29 October 2020).