



Course and Examination Fact Sheet: Autumn Semester 2021

9,117: International Financial Statement Analysis

ECTS credits: 6

Overview examination/s

(binding regulations see below)

Decentral - Written examination (with defined exam duration) (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.

Please note that participation in this course is not compatible for students of the University of St.Gallen who are currently on an exchange semester abroad since attendance is mandatory for the group presentations.

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)
- 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

Course structure and indications of the learning and teaching design

The class will be taught in-person according to the following structure:

5 Double Lectures, 3 Blockdays including group presentations and the Exam

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 literature

Textbook and readings



- Palepu K.G., Healy P.M., Peek E., 2019, Business Analysis and Valuation, Cengage Learning EMEA, 5thed.
- 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)

Additional course information

In the case of the President's Board having to implement new directives due to the SARS-CoV-2 pandemic in AS2021, the course information listed above will be changed as follows:

- The lecture, block seminar days and group presentations will be conducted online.

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 (with defined exam duration) (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

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

Written work must be written without outside help according to the known citation standards, and a declaration of authorship must be attached, which is available as a template on the StudentWeb.

Documentation (quotations, bibliography, etc.) must be carried out universally and consistently according to the requirements of the chosen/specified citation standard such as e.g. APA or MLA.

The legal standard is recommended for legal work (cf. by way of example: FORSTMOSER, P., OGOREK R., SCHINDLER B., Juristisches Arbeiten: Eine Anleitung für Studierende (the latest edition in each case), or according to the recommendations of the Law School).

The reference sources of information (paraphrases, quotations, etc.) that has been taken over literally or in the sense of the original text must be integrated into the text in accordance with the requirements of the citation standard used. Informative and bibliographical notes must be included as footnotes (recommendations and standards e.g. in METZGER, C., Lern- und Arbeitsstrategien (latest edition)).

For all written work at the University of St.Gallen, the indication of page numbers is mandatory, regardless of the standard chosen. Where page numbers are missing in sources, the precise designation must be made differently: chapter or section title, section number, article, etc.

Supplementary aids

No further means of aid are allowed.

Examination languages

Question language: English

Answer language: English

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, 26 August 2021);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 42 (Monday, 18 October 2021);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 42 (Monday, 18 October 2021);

Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 45 (Monday, 8 November 2021).