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CATÓLICA DE MURCIA

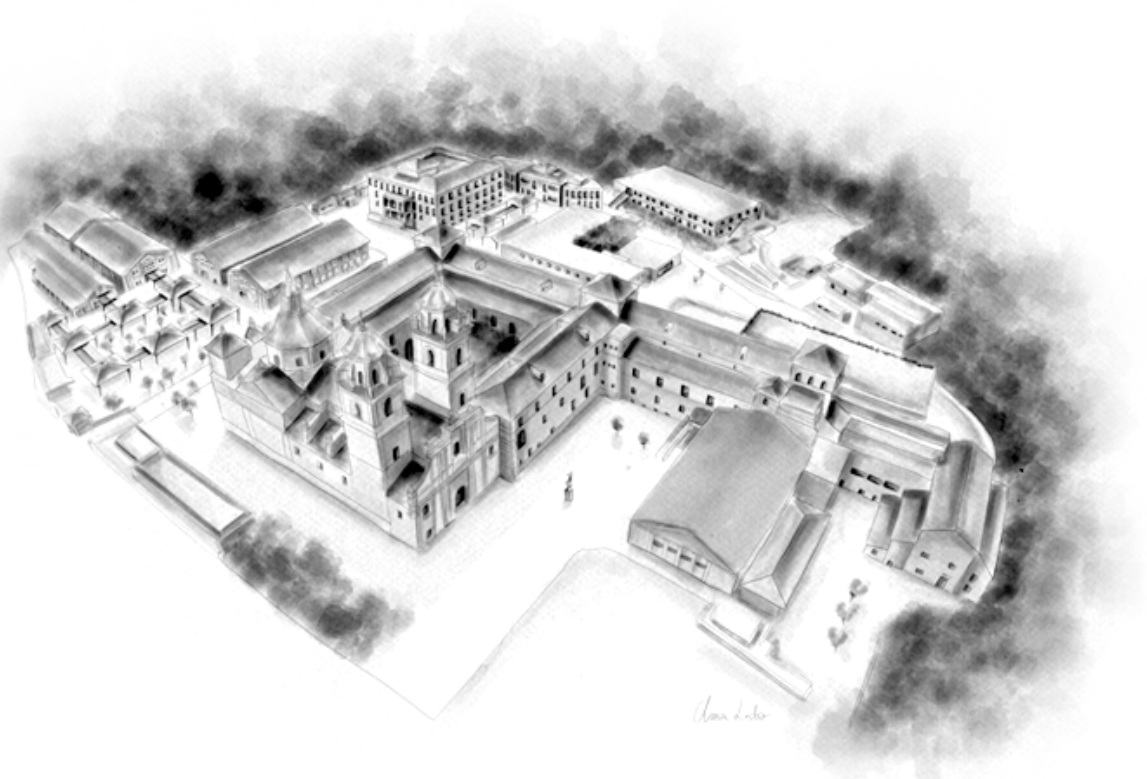
*20 años*  
*de educación,*  
*amor y servicio*

# Teaching Guide 2017/2018

## *Corporate Accounting and Financial Statements Analysis*

Bachelor Business Administration

Face-to-face mode



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## Corporate accounting and financial statements analysis

Module: **Accounting**.

Field: **Management Accounting**.

Character: **Basic Training**.

ECTS: **6 ECTS**.

Time period: **Second Course, fourth semester**

Teacher: **Nicolás González Gallego**

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Student's attention timetable: **Monday, 12:30-13:30 (please, send email previously)**

Module coordinator teacher: **María Isabel Ros Clemente**

### Brief Description

The course on Corporate Accounting and Financial Statement Analysis, by means of the study of financing, liquidation, and mergers, as well as by analyzing Accounting statements, deals with knowledge of commercial rules and accounting rules within the field of corporations. This course also addresses the analysis of information compiled in the accounting statements of a business which, in many cases, they are key to an understanding of the mechanisms of corporations in general and their specific environment.

### Previous requisites

In order to maximize the learning results of this subject, the student should have enough knowledge of algebra and calculus in order to be able to solve second degree equations or superior.

For this subject, students must have sound knowledge of financial accounting; hence they must have passed and acquired competences assigned to the first course subject "Financial Accounting". It is also advisable have got competences provided in the subject "Corporate Accounting".

### Objetives

1. Understand and apply trade regulations.
2. Elaborate information related to a corporation by applying accounting methodology and the principles and regulations of the General Accounting Plan.
3. Perform and inform about accounting actions necessary to constitute a corporation, capital expansion, capital reduction, subscription rights and proper actions.
4. Elaborate, analyse and understand adequately financial statements by applying accounting techniques and current trade regulations.
5. Corporation situation diagnose and corporation results, as well as discounted cash flows in a particular period.
6. Analyse the situation of the corporation by means of the economic-financial analysis of the corporation accounting statements.

## Competences and training results

### Cross-curricular subjects

- (T1) Ability of analysis and synthesis
- (T2) Organization and planning ability
- (T6) Information management ability
- (T7) Problem solving
- (T9) Perform team work.
- (T16) Autonomous learning
- (T24) Capacity of reflection
- (UCAM2) Consider Christian humanism principles as essential values in the development of the professional practice.
- (UCAM6) Acquire team work ability, to work with same or different field professionals.

### Specific competences

- (E19) Ability to apply knowledge in practice
- (E20) Acquire the ability to search for information and perform research.
- (E39) Understand and use of ledgers and the systems of information
- (E43) Analyze the problem of a corporation and design a solution.
- (E48) Assess the situation of a corporation and the foreseeable evolution, from the relevant records of information.
- (E51) Identify relevant economic information sources and their contents.
- (E54) Use regularly information technology and communications in all their professional development.
- (E56) Apply to the analysis of the problems professional criteria based on the technical tools management.
- (E57) Communicate fluently in the field common situations and work in teams.

### Learning results

## Corporate accounting and financial statements analysis

- Solve case accounting studies adapted to reality.
- Analyze information from Financial Statements.
- Obtain a corporation annual accounting report in the Commercial Registry and perform its analysis.
- Know how to interpret the different financial statements of a corporation.
- Be able to analyze accounting information by interpreting correctly the information reported.
- Connect relevant information from financial statements with the corporation financial-economic evolution.
- Interpret results by connecting the different elements of analysis.
- Connect relevant information for the analysis with the accounting statements that provide it.
- Perform accounting inquiries to the competent organisms through the ICT
- Search accounting information for case studies' solutions.
- Know and use the most suitable technological accounting tools in each situation.
- Solve accounting study cases in work teams.
- Solve problems by using professional criteria and techniques.
- Use correct accounting terminology in task performance.
- Understand, reason and synthesize contents within Management Accounting scope.
- Manage and organize accounting information acquired during the learning process.
- Organize and know how to use accounting information from different contexts.
- Acquire the necessary abilities to solve problems in the field of Management Accounting.
- Acquire and implement collaboration strategies and abilities to foster team work in the problem solving and in decision making within Management Accounting.
- Manage the learning process in a proactive way to apply techniques and regulations of Management Accounting correctly.
- Generate learning abilities that allow later studies in Management Accounting with a high level of autonomy.
- Think reasonably and in a critical way about questions related to Management Accounting.
- Recognize and assess Christianity contributions to an integral view of personal education, necessary for Management Accounting.
- Collaborate with other professionals and recognize the different contributions that other fields of knowledge carry out when working in the field of Management Accounting.
- Diagnose solvency, liquid assets and indebtedness.
- Set out solutions for the problems detected.
- Use a logical structure and write with orthographic correction.

## Methodology

Methodology	Hours	Face-to-face work hours	Non-face-to-face work hours
Master class (65%)	39	60 hours (40 %)	
Practice workshops (8%)	4,8		
Assessment (7%)	4,2		
Tutorials (20%)	12		
Personal study (45%)	40,50	90 hours (60 %)	
Tasks (30%)	27		
Practice clases (15%)	13,50		
Bibliographic search (10%)	9		
<b>TOTAL</b>	<b>150</b>		

## Syllabus

Unit 1: Issue and redemption of bonds or debentures.

1.1 Regulation: Concepts.

1.2 Accountancy.

1.2.1 Bonds redemption by means of fixed payments.

1.2.2 Bonds redemption by means of single repayment of capital and recurring interest payment.

1.2.3 Redemption by conversion of bonds into shares.

1.3 Case studies.

Unit 2: Liquidation of a company.

2.1 Introduction

2.2 Accounting problematics. Stages.

2.3 Case studies.

Unit 3: Mergers.

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3.1 Introduction.

3.2 Accounting problems: Stages.

3.2.1 Calculation of real heritage for purposes of the merger.

3.2.2 Calculation of real cost value of shares.

3.2.3 Calculation of number of actions to issue.

3.2.4 Accountancy.

3.3 Case study: merger with equity ownership interest of the corporations involved in the merger.

3.4 Company division

3.5 Case studies.

Unit 4: Economic and financial analysis of annual accounting reports.

4.1 Basic concepts.

4.2 Basic financial statements.

4.3 Consolidated financial statements.

4.4 Balance planning: Functional classification.

4.5 Profit and loss account.

4.6 Analysis by means of financial assets and liabilities.

4.7 Analysis by means of indexes: horizontal and vertical.

4.8 Analysis by ratios.

4.8.1 Liquidity ratio

4.8.2 Solvency ratio.

4.8.3 Profit ratio.

4.8.4 Stock-exchange ratios.

4.9 Case studies.

Unit 5: Corporation feasibility

5.1 Corporation financial position.

5.2 Financial and outcome provision.

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5.3 Investment selection methods.

5.4 Analysis of economic and financial return.

5.5 Case studies

## Connection with other subjects of the study plan

Corporate Accounting and analysis of accounting statements means the continuation to the knowledge provided to the subject of corporate accounting. There is an evident relationship with all the subjects of the module "Accounting", particularly with the subject "Financial Accounting" and "Corporate Accounting".

There is also a clear relationship with the subjects of the module of financial economy, particularly with the subject "Financial Mathematics", which provides mathematical and financial law knowledge about income, interests and amortization processes which in many cases are the key to understand the complex mechanisms of financial economy in general, and accounting and its particular scenery.

It also presents an important relationship with the subjects of trade law, mathematics and business economy.

## Assessment system

### February/June call

- **Written exam: 80%.**

There will be two exams with a series of theory short questions and exercises or practice question and assumptions resolutions within the problematic studied. The first exam will be 40% and the second one 40%.

- **Student's involvement in training activities: 20%**

The involvement of the student in different training activities that make up this subject will be assessed by means of the issuing and correction of exercises, tasks, case studies and problems performed both individually and in groups.

The use of different information sources will be assessed through a task performed through a formal schema, in order to develop in depth a current issue previously proposed by the teacher, associated to the knowledge acquired.

### September Call:

Students will have the same evaluation system as in the previous call.



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### February/June Call:

The student will pass the subject in the February/June call when the arithmetic mean, according to the three grade percentages (two written exams and involvement) is equal or higher than 5, whenever none of the other two grades is lower than 4.

If the student has less than 5 points in any of the three grades (the two written exams and the involvement), he/she will have to resit to pass in September, keeping the grades equal or higher than 5.

### September Call:

The student will pass the subject in September call when the arithmetic mean, according to the three grade percentages fixed in the three grades (two written exams and involvement) is equal or higher than 5, whenever none of the other two grades is lower than 4.

In case of not passing, he/she will have to resit for the complete subject in later calls

## Rating system:

The ratings system (RD 1.125/2003. 5th September) as follows:

0-4,9 Fail (SS)

5,0-6,9 Pass (AP)

7,0-8,9 Good (NT)

9,0-10 Distinction (SB)

The "Honors" mention can be awarded to those students with a degree of 9,0 or higher. This cannot be awarded to more than 5% of the students registered in a subject in each academic year, unless the number of students registered is less than 20, when there will be awarded only one mention.

## Bibliography and reference sources

### Basic bibliography

- Legislative Royal Decree 1/2010 of 2 July, which approves the consolidated text of the Capital Companies Act
- Legislative Royal Decree 1514/2007 of 16th November, which approves the Spanish General Accounting Plan

### Complementary bibliography

- Fridson, M. S., & Alvarez, F. (2011). Financial statement analysis: a practitioner's guide. John Wiley & Sons.

## Webs associated

- CFA Institute: [www.cfainstitute.org](http://www.cfainstitute.org)
- Spanish Accounting and Administration Association: <http://www.icac.meh.es>
- Investopedia: [www.investopedia.com](http://www.investopedia.com)
- Ready Ratios: [www.readyratios.com](http://www.readyratios.com)

## Study recommendations

Daily study of explained concepts is recommended, with special interest in case solving before the case solving in class. Likewise it is important to consult doubts and questions that may mean any difficulty in the learning and teaching process, for which personalized programmed tutorials will be used together with the virtual campus and e mail. We also recommend reviewing periodically tuition materials.

## Didactic material

It will be necessary to have a PC with all the necessary programs installed (text editor, spreadsheet, presentation tools, etc.) We also recommend students to use memory devices (USB, CDs or DVDs) to make easier the interchange of information in presentations such as Power Point, exercises, case study, etc., during the face-to-face classes. We also recommend the use of calculator and access to the Internet.

The work basic material of the subject "Financial Mathematics" consists of a dossier prepared by the teacher and handed out to the students, as well as exercises and assumptions provided by the teacher as support to the theoretical concepts.

Other resources are:

- Books
- Reports from economy magazines
- Economy journals (Expansión, Cinco Días, Mi cartera...)
- Use of the audio-visual material. Some material resources can be: projector.
- Blackboard and calculator.

## Tutorials

Academic tutorial:

Academic tutorial:

These tutorials have the aim of consolidating knowledge and abilities taught in the classes of the subject, at the same time will help to solve problems and doubts asked by the students. The hours for

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the tutorials will also be employed to the performance, follow up and assessment of the different tasks in order to contribute to the understanding of the subject methodology and systems of assessment.

### Personal Tutorial:

The university also has a Special Team for tutorials with the students enrolled in the degree. The personal tutor accompanies the student during the complete university period. Criteria and aspects can be consulted in:

<http://www.ucam.edu/servicios/tutorias/preguntas-frecuentes/que-es-tutoria>