upf. BARCELONA SCHOOL OF MANAGEMENT

Financial Accounting and Analysis

Professor: Amedeo Pugliese
Vanessa Servera Planas
E-mail: amedeo.pugliese@unipd.it; vanessa.servera.planas@gmail.com
Office hours: by appointment
Course Type: Elective
Credits: 4
Term: 3

Course Structure

This course has two modules:

1. Module 1: Corporate Reporting and Financial Analyses (M1)
2. Module 2: Financial Analysis for credit risk (M2)

Evaluation Criteria

Each of the modules will account respectively for 60% (M1) and 40% (M2) of the final grade.

The assessment is as follows:

- Module 1:
  - mid-term exam in week 4 40 marks
  - final exam after week 10 20 marks
- Module 2:
  - final exam after week 10 40 marks

It is necessary a minimum grade of 50% in both modules to pass the course.

Students are required to attend at least 80% of classes. Failing to do so without justified reason will imply a 'Zero' grade in the participation/attendance evaluation item and may lead to suspension from the program

Students failing the final exam during the regular evaluation are allowed ONE re-take of the evaluation, at the conditions specified in the syllabus. If the course is again failed after the retake, the student will have to register again for the course the following year.

In the case of a justified no-show to an exam, the student must inform the corresponding faculty member and the director(s) of the program so that they study the possibility of rescheduling the exam (one possibility being during the "Retake" period). In the meantime, the student will get an "incomplete", which will be replaced by the actual grade after the final exam is taken. The "incomplete" will not be reflected on the student's Academic Transcript.

Note: This document is for informational purposes only. Course contents and faculty may change.

Plagiarism is to use another's work and to present it as one's own without acknowledging the sources in the correct way. All essays, reports or projects handed in by a student must be original work completed by the student. By enrolling at any UPF BSM Master of Science and signing the "Honour Code," students acknowledge that they understand the schools' policy on plagiarism and certify that all course assignments will be their own work, except where indicated by correct referencing. Failing to do so may result in automatic expulsion from the program.

Professor's Bio

Amedeo Pugliese is Professor of Accounting at the University of Padua (Italy). Amedeo held faculty positions at the University of Naples 'Federico II' (Italy), Queensland University of Technology (Australia), KU Leuven (Belgium) and Universtitat Pompeu Fabra (Spain). His research interests span across corporate governance, accounting in the banking industry and the effects of changes in financial regulation during systemic crisis.

Vanessa Servera is the Chief Executive Officer of ICF, the public development bank of Catalonia which mission is financing through long term loans and private equity the investment projects of Catalan companies
She has a degree in Physics and a master's in finance, earned a PDG in IESE business school and studied at the Standford Business school.

Module 1: Corporate Reporting and Financial Analysis

Professor: Amedeo Pugliese

Objectives

The objective of this module is to introduce the student to corporate reporting and understand the anatomy of financial statements for valuation purposes. Upon successful completion of the course, students should be able to (a) discern the key criteria, principals and incentives shaping financial statements; (b) connect those issues to valuation and interpretation of financial statements for stand-alone firms or business groups.

The student is expected to be able to:

1. Understand the differences in structure and usefulness of the different financial statements and the impact of accounting regulations on these statements.
2. Analyze the financial position of a company from the information gathered through BS, IS, Statement of changes in equity and cash flow statements.
3. Turn the information in the financial statements into a coherent report which describes the conclusions of the analysis.
4. Collect and analyse large data to address a typical task required to junior accountants or financial analysts (e.g., ORBIS, AMADEUS, SABI, SEC EDGAR)
5. Use coding pipes to perform tasks related to a junior analyst position

Methodology

The module will be structured into 6 sessions of 180 minutes blocks (see the detailed planning below), each of which will consist of three 50 minutes sessions and a 10-minute break. Sessions will include discussion of case studies, as well as lecturing which will incorporate practical exercises. To follow the lectures and case analyses, the student should prepare for both through personal study, and the completion of some individual and/or team complementary tasks.

Lectures will mainly provide the theoretical foundations, the concepts and methodologies that make up the main components of the course list (see lecture plan below). These classes are primarily based on the slides, articles and reports that support the course. Both the articles and the slides should be the fundamental support for personal preparation before and / or after the lectures.

The competences, the learning outcomes, the assessment elements, and the quality of the learning process included in this Teaching Plan will not be affected if during the academic trimester the teaching model must switch either to a hybrid model (combination of face-to-face and on-line sessions) or to a complete on-line model.

Evaluation criteria

Mid-term exam (week 4): 40 marks
Final exam (end of course): 20 marks

Reading Materials/ Bibliography/Resources

The main reference textbooks for the course are:

- Pope, P. and Penman, S. (PP). Financial Statement Analysis for Value Investing. Columbia University Press (here)
- Palepu, K., Healy, P.M. and Peeks, E. (PHP). Business Analysis and Valuation (IFRS Edition) (4e). Cengage Learning

The textbooks are referenced in the table of contents as (PP) and (PHP).
Scientific articles and reports (if relevant). Slides provided by the professor.

Module 2: Financial Analysis for credit risk

Professor: Dr Vanessa Servera

Objectives

Debt is an essential part of a company as it allows companies to finance their growth. The main purpose of a bank is granting loans, and so, structure properly companies' debt. Nevertheless few attention is usually given to how companies should apply for a loan or how banks assess loans applications. Loans that are not well structured in terms of maturity, price or guarantees can end up being a problem that can lead to financial distress, reducing companies chances of success or important bank losses.

The objective of this module is to give the student a broad perspective of the elements required to understand how to do a proper credit risk assessment to a company. The module will include main analysis, process and decisions that banks use to grant a loan. We will cover from understanding the financial needs of a company, if the company can repay its debt and the content will finish with debt restructuration.

The classes will be highly focused on practical cases to be solved in small groups of 2-3 students and the different approaches found in those groups of every case will be discussed in the class.

This module is of interest in those students interested in working in a financial institution or at the financial department of a company or in a professional services firm.

At the end of this module students should be able to say if a company can repay a certain loan application, determine a price of a loan, assess a company of its financial structure and finally understanding which are the alternatives for the banks and for the company when there is a distress situation.

The student is expected to be able to:

1. Do a nearly banking credit risk professional analysis of a company given its last 3 years of financial statements.
2. Determine whether if a loan application makes sense, being able to structure, pricing, guaranteeing and presenting it in a credit risk committee
3. See which are the alternatives when financial difficulties arise, how they affect the bank-company relationship and which are the main alternatives for the bank, the company and its shareholders.

Methodology

The module will be structured into 4 sessions of 180 minutes blocks (see the detailed planning below), each of which will consist of two sessions of 75 minutes and a 30-minute break. Sessions will include discussion of case studies, as well as lecturing which will incorporate practical exercises in small groups.

It is a practical module that will have a 3 short theorical introductions of 1.5 hours, being the rest case studies.

The competences, the learning outcomes, the assessment elements, and the quality of the learning process included in this Teaching Plan will not be affected if during the academic trimester the teaching model must switch either to a hybrid model (combination of face-to-face and on-line sessions) or to a complete on-line model.

Reading Materials/ Bibliography/Resources

Slides provided by the professor.
Cases provided by the professor. They will include their solution that will be given when finishing the case in class.