

Financial Statement Analysis

FIN 3720

Course Outline

Instructor: Dr. Mengqiao Du, Assistant Professor	Department: Accounting
Timing – Tuesday, 15:00-18:00	Consultation: By appointment via email
Email: m.du@nus.edu.sg	

Course Outline:

We cover the essentials of financial statement analysis, bridging the gap between accounting and finance, and addressing the capital market implications of accounting information.

Course Objective:

This course is designed to equip participants with fundamental skills necessary for analyzing business performance and valuing companies based on their financial statements. Our analytical and review framework will encompass both quantitative methods and ratios, as well as qualitative analysis of the additional information included in financial statements.

By the end of this course, participants will be able to understand the rationale and characteristics that underpin financial reporting and the workings of capital markets. Specifically, participants will learn to:

- Link accounting practices to capital market dynamics.
- Process, adjust, and effectively utilize information from financial statements.
- Employ various tools and techniques, such as financial ratios, cash flow analysis, and valuation methods, to assess a company's performance.
- Gain a foundational understanding of valuation models and methodologies.

Course Approach/Format:

This course is designed for self-motivated student learning. Students are expected to have a reasonable familiarity with basic financial accounting principles and the functioning of capital markets before enrolling in this course.

The course format will be a combination of lectures by the professor, student discussions and participation, as well as student-led case writing and presentations.

Greater emphasis will be placed on student case analysis, discussions, and presentations.

Tentative Schedule and Content:

Week beginning	Week	Tentative Content
16 Jan	1	<ul style="list-style-type: none">• Course Overview• Financial Statements• The role of accounting information in capital markets
23 Jan	2	<ul style="list-style-type: none">• Accounting Analysis
30 Jan	3	<ul style="list-style-type: none">• Accounting Analysis Continued• Strategic analysis
6 Feb	4	<ul style="list-style-type: none">• Accounting Analysis Exercise• Ratio analysis
13 Feb	5	<ul style="list-style-type: none">• Ratio analysis continued• Cash flow analysis
20 Feb	6	<ul style="list-style-type: none">• Financial analysis• Case discussion Part 1 Strategic analysis
Reading		Sat, 24 Feb 2024 ~ Sun, 3 March 2024
5 March	7	<ul style="list-style-type: none">• Case discussion Part 2 Financial analysis• Valuation
12 March	8	<ul style="list-style-type: none">• Multiple valuation application• Case discussion Part 3 Multiple valuation

19 March	9	<ul style="list-style-type: none"> • M&As • Transaction multiples • Synergy valuation
26 March	10	<ul style="list-style-type: none"> • Case discussion Part 4 Transaction multiple and synergy valuation • Group project Q&A
02 April	11	<ul style="list-style-type: none"> • Review session • Q&A • Preparations and logistics for forthcoming presentations
09 April	12	Group Project/ Presentation
16 April	13	Quiz

Evaluation (Continuous assessment)

Component	Percentage
Participation and attendance	10
Home assignments	20
Final test	30
Group Project + presentation	40 (30+10)

Home assignments and Group Project:

More details will be announced later.