

## Financial Statement Analysis

FIN 3720

### Course Outline

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|--|---|
| <b>Instructor: Dr. Mengqiao Du,<br/>Assistant Professor</b>        | <b>Department: Accounting</b>                     |
| <b>Timing – Thursday, 8:30-11:30</b>                               | <b>Consultation:<br/>By appointment via email</b> |
| <b>Email: <a href="mailto:m.du@nus.edu.sg">m.du@nus.edu.sg</a></b> |   |

#### **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:**

| <b>Week beginning</b> | <b>Week</b> | <b>Tentative Content</b>   |
|-----------------------|-------------|--|
| 16 Jan                | 1           | <ul style="list-style-type: none"><li>• Module Overview</li><li>• Financial Statements</li><li>• The role of accounting information in capital markets</li></ul> |
| 23 Jan                | 2           | <ul style="list-style-type: none"><li>• Accounting Analysis</li></ul>  |
| 30 Jan                | 3           | <ul style="list-style-type: none"><li>• Accounting Analysis Continued</li><li>• Strategic analysis</li></ul>   |
| 6 Feb                 | 4           | <ul style="list-style-type: none"><li>• Ratio analysis</li></ul>   |
| 13 Feb                | 5           | <ul style="list-style-type: none"><li>• Quiz I</li><li>• Ratio analysis continued</li><li>• Cash flow analysis</li></ul>   |
| 20 Feb                | 6           | <ul style="list-style-type: none"><li>• Financial analysis</li><li>• Mid-term review</li></ul>   |
| Reading               |             | Sat, 24 Feb 2022 ~ Sun, 3 March 2022   |
| 6 March               | 7           | <ul style="list-style-type: none"><li>• Quiz II</li><li>• Valuation and financial statement analysis</li></ul>   |
| 13 March              | 8           | <ul style="list-style-type: none"><li>• Valuation and financial statement analysis continued</li></ul>   |

|          |    |   |
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| 20 March | 9  | <ul style="list-style-type: none"> <li>Valuation and financial statement analysis continued</li> </ul>  |
| 27 March | 10 | <ul style="list-style-type: none"> <li>Group project Q&amp;A</li> <li>Review session</li> <li>Preparations and logistics for forthcoming presentations</li> </ul> |
| 3 April  | 11 | <ul style="list-style-type: none"> <li>Final Test</li> </ul>  |
| 10 April | 12 | <b>Group Project/ Presentation</b>  |
| 17 April | 13 | <b>Group Project/ Presentation continued</b>  |

**Evaluation (Continuous assessment)**

| <b>Component</b>             | <b>Percentage</b> |
|------------------------------|-------------------|
| Participation and attendance | 10                |
| Quiz                         | 20                |
| Final test                   | 30                |
| Group Project + presentation | 40 (30+10)        |