

Financial Reporting and Analysis

MSc in Finance and Banking

Athens University of Economics and Business

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Aims and Objectives:

The objective of the course is to familiarize students with the financial reporting aspects for assets, liabilities and owners' equity. The course also covers topics of earnings management, fundamental analysis and equity valuation based on accounting information. The primary emphasis of the course is on reporting for assets and liabilities according to the International Financial Reporting Standards (IFRS).

At the end of the course students will have full understanding of the elements of financial statements and be able to use that information in making decisions. In addition, students will know how to value assets, liabilities and measure income. This knowledge will facilitate their use and analysis of financial statement information.

Course Outline

- 1. The Economics and Institutional Setting for Financial Reporting**
(Economics of Accounting Information, Standard Setting Bodies)
- 2. Accrual Accounting and Income Determination**
(Accounting Events, Recognition and Measurement of Revenues and Expenses)
- 3. The Structure of the Balance Sheet and the Statement of Cash Flows**
(Assets, Liabilities, Cash Flows, Accrual Accounting)
- 4. Essentials of Financial Statement Analysis**
(Return on Equity, Credit Risk, Financial Leverage)
- 5. The Role of Financial Information in Valuation**
(The Free Cash Flows and Abnormal Earnings Approaches to Equity Valuation, Value Drivers)
- 6. The Role of Financial Information in Contracting – Quality of Financial Reporting**
(Lending Agreements, Executive Compensation, Regulatory Agencies and the Use of Accounting Information)- The quality of accounting information
- 7. Receivables, Inventories, Fixed Assets and Depreciation**
(Valuation of Fixed Assets, Fair Value, Historical Cost, Impairment, Depreciation Methods)

8. Financial Instruments as Assets and Liabilities

(Valuation at Fair Value vs Cost, Hedge Accounting, Off Balance Sheet Liabilities)

9. Financial Reporting for Leases and Pensions

(Financial Leases vs Operating Leases –Pension Accounting)

10. Financial Reporting for Owners' Equity- Segment Disclosure

(The Elements of Owners' Equity, Convertible Debt, Earnings per Share)

Text Books:

- 1) **Financial Reporting and Analysis, Collins, Johnson and Revsine, Prentice Hall.**
- 2) **Business Analysis and Valuation, Palepu and Healy, Thomson Analytics.**
- 3) **Financial Statement Analysis and Security Valuation, Penman.**
- 4) **Intermediate Accounting, IFRS, 2e, Kieso and Weygandt, Wiley.**
- 5) **Financial Accounting, IFRS 5e, Ghicas, Papadaki, Siougle, Demoirakos.**