FINANCIAL INFORMATION ANALYSIS

Code: 21736

Main Scientific Area: Finance

Lecturer: Alexandrino Manuel Oliveira Ribeiro

Language of Instruction: Portuguese

Regime: S2

Contact Hours: 20h Total Workload: 88h

ECTS: 4,0

Objectives

The objective of this course is for trainees to get to know and master a set of theories and techniques related to thecompany's financial evaluation. This knowledge will allow in real life, as active elements in the management ofcompanies, to participate in a more efficient way in the financial evaluation, allowing them to become familiarizedwith the specialized literature in the area of financial management.

Learning Outcomes

As a result of learning, these consist of:

- Distinguish the balance sheet as the accounting document of the balance sheet for the purposes of economic andfinancial analysis;

- Apply analysis methods and techniques;

- Distinguish between static analysis and dynamic analysis;

- Distinguish financial analysis from economic analysis;

- Understand the importance of dynamic analysis in the study of the company's economic and financial situation;

- Integrate balance sheet analysis into end-of-year work;

- Prepare management reports.

Course Contents

Chapter I - Financial Function of the Company

1.1. Company functions

1.2. The financial function and its evolution

1.3. Financial evaluation: objectives and stakeholders

1.4. Accounting documents and their limitations

1.5. Extra-accounting information

Chapter II - Short, Medium and Long Term Financial Equilibrium

2.1. The method of comparing balance sheets and profit and loss accounts for successive years

2.2. The method of ratios or indicators

2.3. Financial reorganization

2.4. Financial rebalancing policies

2.5. Insolvency assessment models

Chapter III - Profitability Study

3.1. Profitability types

3.1.1. Financial return (ROE - Return on Equity)

3.1.2. Economic return (ROA - Return on Assets)

3.1.3. The profitability of sales (ROS - Return on Sales)

3.2. Integrated analysis of different types of profitability

3.3. Financial balance and profitability: the financial leverage effect

Chapter IV - Market Indicators

4.1. Price Earning Ratio (PER)

4.2. Market-to-Book (mtb)

4.3. Total Shareholders Return (TSR)

4.4. Payout Ratio

Recommended Bibliography

- Fernandes, Carla, Peguinho, Cristina, Vieira, Elisabete e Neiva, Joaquim (2016), “Análise Financeira – Teoria ePrática”, Edições Silabo;

- Nabais, Carlos, Nabais, Francisco (2011), “Prática Financeira I – Análise Económica e Financeira”, LidelEdições;

- Nabais, Carlos, Nabais, Francisco (2011), “Prática Financeira II – Gestão Financeira”, Lidel Edições;

Learning and Teaching Methods

In chapter I, a brief approach will be made to management and more specifically to the financial management ofthe company and the important information for the financial analysis of the companies.

In chapter II, the financial balance will be studied, in the short term and in the medium and long term, as well as theinsolvency risk assessment measures of the companies and the financial reorganization policies.

The profitability of companies is the subject of the study in Chapter III, and financial leverage is also assessed.

In chapter IV, stock market indicators will be addressed, which are very important for companies listed on thecapital market.

Assessment Methods

The evaluation of students will be obtained as follows:

- 30% resulting from group work (2 students each group) which consists of the analysis and presentation in theclass of scientific work related to the course unit (there is a possibility that the group members have differentgrades);

- 10% is the result of the argument (by the group) made to the work presented in class by another group ofcolleagues (there is a possibility that the members of the group have different grades);

- 60% is the result of the grade obtained in an individual assessment exam;