



## **ADE 504: FINANCIAL ANALYSIS**

Total Credits: 4 Quarter; 3 Semester

In Class Hours: 64

Level: 3

### **OVERVIEW**

Financial analysis allows us to understand economic and financial information, which will give us tools to estimate future performance; the financial analysis of a company indicates their position through financial data and other information sources, by applying certain techniques or instruments analysis.

#### **Object of Study**

Financial analysis is a technique for evaluating the operating performance of a company, diagnosis of the current situation and prediction of future events and, therefore, focuses on obtaining pre-defined objectives, therefore, the first step in a process of this nature is to define the objectives, then the questions and criteria that will be satisfied with the results of the analysis.

#### **Problem**

Financial analysis shows the current situation and the historical trajectory of an organization, so we can anticipate initiating actions to solve problems and take advantage of opportunities.

#### **Objective**

They assess the findings to measure the profitability of the company through their results and the reality and liquidity of their financial situation in order to determine its current state and predict its future evolution. Therefore, the fulfillment of these objectives depends on the quality of the data, quantitative and qualitative, and financial information are the basis for the analysis.

#### **Solving Social Needs**

It is financial management support that allows one to analyze and anticipate any risks which in turn allows one to generate information for timely decisions that impact the employer to achieve a competitive advantage.

#### **Areas of Knowledge**

It is related to General Accounting, Audit, Finance.

### **OBJECTIVES**

Provide students with a clear and specific vision in understandable terms and consistent of the main characteristics of the financial structure of companies and key financial performance indicators of organizations, unquestionable basis for initiating and sustaining the way of financial success and therefore, the establishment of the value.

Comprehend the financial language used in the preparation of financial statements in interpreting economic events that occur in the life of organizations.

Describe and explain the financial position of a company from their financial statements and to integrate the concepts of liquidity, solvency, and structure and recommend courses of action to take to improve the management indicators.

Interpret and give meaning to financial statements and determine the causes of events and favorable or unfavorable trends surveyed by the analysis of the financial statements in order to eliminate the negative effects for business or promote those that are positive.

Present information detailing an entity's cash management during a specified period, so that users of financial statements will be able to understand and evaluate the liquidity or solvency.

### **COMPETENCY**

Prepare and analyze financial statements of a business enterprise in the manufacturing or service industry, as well as the theoretical and managerial accounting methods for making decisions that are both necessary and indispensable, with which one would apply controls for modern management.

### **CONTENTS**

<b>UNIT: FUNDAMENTALS OF FINANCIAL ANALYSIS</b>		
Understanding the financial language used in the preparation of financial statements in interpreting economic events that occur in the life of organizations.		
Knowledge	Skills	Values
Introduction	Conceptualizes the general aspects of the Fundamentals of Financial Analysis	Gain knowledge and share ideas
Objectives		
Nature of Financial Analysis		
Basic Financial Statements		
Financial Analysis of Financial Statements and Accounting		
The function of the analysis of financial statements		
Importance and limitations of accounting data		
Accounting function		
Importance of Standards and accounting principles		

Audited Financial Statements		
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<b>UNIT: Analysis Tools and Techniques of Financial Statements and Financial Analysis</b>		
Describe and explain the financial position of a company from their financial statements and to integrate the concepts of liquidity, solvency, and structure to recommend courses of action to take to improve the management indicators.		
Knowledge	Skills	Values
<b>Tools and Techniques of Financial Statement Analysis</b>  Reconstruction of the activities and business transactions  Additional Analytical Functions  Sources of information  Main Analysis tools  Practical Exercise  <b>Financial Analysis: General Aspects</b>  The Balance Sheet and the Income Statement  Indicators and Indices  Vertical and Horizontal Analysis  Analysis of figures	Conceptualizes the general aspects of the tools and techniques of financial statement analysis and Financial Analysis, General Aspects	Gain knowledge and share ideas

<b>UNIT: Financial Ratios</b>		
Interpret and give meaning to the financial statements and determine the causes of events and favorable or unfavorable trends surveyed by the analysis of the financial statements in order to eliminate the negative effects for business or promote those who are positive		
Knowledge	Skills	Values
Liquidity  Activity	Conceptualizes the general aspects of financial ratios	Gain knowledge and share ideas

Indebtedness		
Profitability		
Practical Exercise		

<b>UNIT: Funds Flow Statement</b>		
Present information detailing an entity's cash management during a specified period, so that users of financial statements will be able to understand and evaluate the liquidity or solvency.		
Knowledge	Skills	Values
Structure	Conceptualizes the general aspects of Funds Flow Statement	Gain knowledge and share ideas
Analysis		
Conclusions		

## **EVALUATION**

INITIAL ASSESSMENT (for the course, unit, and theme)

ASSESSMENT PROCESS (60%) (quizzes, assignments)

FINAL EVALUATION (40%) (course integrated project)