

FINANCIAL STATEMENTS ANALYSIS FOR ECONOMISTS

STRUCTURE

Unit 1: Purpose of Financial Statements (1 hours)

- *Accounting and Accounting Branches*
- *Financial Accounting vs Managerial Accounting*
- *What Financial Statements Present*
- *Financial Performance*
- *Users of Financial Statements*
- *Parties involved in preparing financial statements and their roles*

Unit 2: Nature of Financial Statements (2 hours)

- *Balance Sheet*
- *Profit / Loss Statement*
- *Statement of Changes in Equity*
- *Statement of Cash Flows*
- *Notes of Financial Statements*
- *International Financial Reporting Standards (IFRS)*
- *Key parts of Financial Statements*
- *How to read financial statements*
- *Net Working Capital - EBITDA*

Unit 3: Auditors' Report (2 hours)

- *The need for Audit of Financial Statements*
- *Conflict of Interests between Shareholders, Management and Stakeholders*
- *The objective of external auditing and its role in meeting society's demands for reliable financial and internal control information*
- *Big 4 Audit firms and others*
- *Responsibilities of Management and Those Charged with Governance*
- *Auditor's Responsibilities for the Audit of the Financial Statements*
- *Definition of Audit risk – Audit risk equation*
- *Definition of Inherent risk and factors that affecting it*
- *Definition of Control risk and factors that affecting it*
- *Definition of Detection risk and factor that affecting it*
- *The structure of Audit Report*

Unit 4: Financial Statements Analysis (12 hours)

- *Scope of Financial Statement Analysis.*
- *Types, Methods and Problems of the Methods of Analysis*
 - ✓ *Financial Ratios Analysis*

- ✓ *Vertical Analysis*
- ✓ *Horizontal Analysis*
- *Financial Ratio Analysis Overview*
 - ✓ *What is Ratio Analysis?*
 - ✓ *Why use Ratio Analysis?*
 - ✓ *Types of Ratios?*
 - i. *Profitability Ratios*
 - ii. *Leverage Ratios*
 - iii. *Efficiency Ratios*
 - iv. *Liquidity ratios*
- *Pyramid of Ratios*
- *Multiples Valuation Ratios*
 - ✓ *Price Ratios*
 - ✓ *Enterprise Value Ratios*

Unit 5: How to become an Auditor – Accountant (1 hour)

- *Presentation of the International Federation of Accountants (IFAC)*
- *Presentation of an Audit Firms and its services*
- *Big 4 Audit firms and others*
- *Presentation of ICAEW: Taking the ACA degree*
- *Presentation of ACCA: Taking the ACCA degree*
- *Presentation of literature and websites about*
 - ✓ *IFRS*
 - ✓ *ISA*
 - ✓ *Auditing*

Learning Outcomes

- Understand what the Financial Statements Present
- Understand IFRS accounting framework
- Understand the users of Financial Statements
- Understand the need of Assurance from External Audit
- Understand to read the financial statements
- Understand to read the Auditor's report
- Understand to analyze in depth the Financial Statements
- Understand to evaluate companies' financial performance based of Financial Statements
- Understand the process of how to become an accounting - audit professional