

Financial Statement Analysis

【Course number】 C10020001009

【Course type】 Professional elective course

【Total hours】 32

【Hours per week】 2

【Credits】 2

【Prerequisites】 Accounting

【Course Director】 Zhang Dongling

【Applicable Major】 Economics

1. Course Description

This course is a diversified and practical professional elective course for economics majors. The course closely combines theory and practice, takes financial statements and related information as the basis, takes the information needs of the analysis subject as the target, uses specific analysis tools, techniques and methods, analyzes and evaluates the business results and financial status of enterprises based on financial statement information, in order to help the analysis subject make scientific decisions. Through the study of this course, students can master the basic steps, procedures and methods of financial statement analysis, deepen their understanding of the content of financial statements, clarify how to use financial report information more effectively, improve their ability to evaluate the business results and financial position of enterprises, improve their ability to analyze and solve problems, optimize their professional knowledge and ability structure, and better serve for management and decision-making.

2. Course Objectives

Course objective 1: to recognize the basic methodology and systematic framework of financial statement analysis

Course objective 2: to understand the sources of information for financial statement analysis

Course objective 3: to master the methodological system and technical application of enterprise financial capability analysis

Course objective 4: to master the external application of financial statement analysis for company development strategy analysis

Course objective 5: to understand the main internal applications of financial statement analysis

Course objective 6: to establish the professional ethical concepts and quality of honest and trustworthy financial accounting

3. Teaching Content, Requirements and Planning

(1) General Overview Hours: 4 (Supporting Course Objective 1 and Course Objective 6)

Teaching content: the purpose of financial analysis, the content of financial analysis and the methods and

procedures of financial analysis

Teaching requirements: to know the subjects of financial analysis and the purpose of analysis of each subject, to understand the basic contents and methods of financial analysis

Key points and difficulties: the key point is the purpose and methods of financial analysis; the difficult point is the technical methods and procedures of financial analysis

Ideological and political elements: Through the introduction of the case studies of Bahrain Bank and Enron, students will be guided to identify and think about professional ethics, morality and self-discipline from all angles

Experiment, exercise, seminar and other forms of teaching: one discussion session on the value of financial statement analysis

(2) Chapter I: Financial Information Hours: 4 (Supporting Course Objective 2 and Course Objective 6)

Teaching content: financial information, financial statements and notes and other sources of financial information and their access

Teaching requirements: to recognize the importance of financial information; to understand the accounting system that generates financial information and its basic processes and terminology rules; to master the principles of preparing enterprise financial statements, the basic format and the relationship between them; to understand the main contents of notes to financial statements; to master the internal management reports and other sources of information of enterprises

Key points and difficulties: the key point is on the meaning, sources and main forms of financial information; the difficult point is the logical relationship between financial statements

Ideological and political elements: through the introduction of social hot issues such as the Luckin Coffee financial fraud incident, students are guided to establish professional ethics and financial accounting literacy centered on core values such as honesty and trustworthiness.

Experiment, exercise, seminar and other forms of teaching: one discussion session on the topic of reliability of financial information and capital markets

(3) Chapter II: Solvency Analysis Hours: 4 (Supporting Course Objective 3)

Teaching content: short-term solvency, long-term solvency analysis and special items affecting solvency

Teaching requirements: to master the calculation methods of solvency indicators; to understand the data selection related to the calculation of each solvency indicator; to understand the influencing factors of each solvency indicator analysis; to understand the off-balance sheet information affecting solvency analysis; to use solvency analysis indicators to judge solvency

Key points and difficulties: the key point is the calculation of solvency indicators and data selection; the difficult

point is the analysis of influencing factors of solvency

Experiment, exercise, seminar and other forms of teaching: one exercise session on corporate solvency ratio analysis

(4) Chapter III: Operational Capacity Analysis Hours: 4 (Supporting Course Objective 3)

Teaching content: asset management and working capacity, current assets working capacity analysis, fixed assets and total assets working capacity analysis

Teaching requirements: to know and understand the meaning and analysis ideas of asset management and operating capacity; to master the calculation methods of operating capacity analysis indicators; to understand the data selection in the calculation of each operating capacity indicator; to understand the influencing factors in the analysis of each operating capacity indicator; to use operating capacity analysis indicators to judge the operating capacity

Key points and difficulties : the key point is the calculation and analysis of turnover rate and turnover period of current assets, fixed assets and total assets; the difficult point is the analysis and application of operating capacity of total assets

Experiment, exercise, seminar and other forms of teaching: one exercise session on the calculation and analysis of the working capacity of a business

(5) Chapter IV: Profitability Analysis Hours: 4 (Supporting Course Objective 3)

Teaching content: overview of profitability, business profitability, asset profitability and market profitability analysis

Teaching requirements: to understand the basic ideas and framework of profitability analysis; to master the calculation methods of profitability analysis indicators; to understand the data selection in the calculation of each profitability indicator; to understand the influencing factors of each profitability indicator analysis; to use profitability analysis indicators to judge profitability

Key points and difficulties: the key points are the analysis techniques and applications of business profitability, asset profitability and market profitability; the difficult points are the data selection in the calculation of profitability indicators and the profitability judgment based on financial analysis indicators

Ideological and political elements: the focus of this chapter of the curriculum includes the introduction of an overview of General Secretary Xi Jinping's important discourse on promoting high-quality development, leading students to consider the thinking behind China's high-quality development, the formulation of economic policies and the implementation of macroeconomic controls, and to apply them to the development of China. Students are guided to consider the fundamental requirements for thinking about China's high-quality development, economic policy formulation and macro-control implementation, and to apply them to financial analysis activities such as

the quality of a company's earnings

Experiment, exercise, seminar and other forms of teaching: one exercise session on the calculation and analysis of corporate profitability

(6) Chapter V: Comprehensive Corporate Financial Analysis Hours: 4 (Supporting Course Objective 3)

Teaching content: DuPont financial analysis system, profitability factor-driven model and comprehensive performance evaluation system

Teaching requirements: to understand the analytical ideas of the DuPont financial analysis framework; to master the relationship between the financial ratios in the DuPont financial analysis framework; to apply the DuPont financial analysis framework for comprehensive analysis; to understand the relationship between the financial ratios in the profitability factor-driven model; to understand the analytical ideas of the profitability factor-driven model; to recognize the basic principles of comprehensive performance evaluation of central enterprises

Key points and difficulties: the key point is the application of the DuPont analysis system; the difficult point is the logical relationship between the financial ratios in the DuPont financial analysis framework

Experiment, exercise, seminar and other forms of teaching: one exercise session on the computational analysis and application of the DuPont system

(7) Chapter VI: Analysis of Corporate Development Strategies Hours: 4 (Supporting Course Objective 4 and Course Objective 6)

Teaching content: the impact of company industry analysis, competitive strategy analysis and company development strategy on financial statements

Teaching requirements: to be able to understand the basic framework of company strategy analysis; to master the basic tools of industry analysis; to master the basic tools of company competitive strategy analysis; to understand the impact of company strategy on financial statement information

Key points and difficulties: the key point is on the basic tools and methods of industry analysis, the framework of ideas and basic tools of company strategy analysis; the difficult point is the comprehensive analysis and application of company strategy analysis tools and methods

Ideological and political elements: through case discussions and practical simulations of corporate strategic analysis and development planning, students will cultivate scientific spirit and systematic thinking, enabling them to practically apply the basic tools and methods of industry analysis and competitive strategy analysis; through providing targeted and situational solutions for the formulation of corporate strategic development planning in specific fields, students will enhance their independent thinking, practical application and innovation abilities

Experiment, exercise, seminar and other forms of teaching: one discussion session on corporate strategy and development

(8) Chapter VII : Internal Application of Financial Statement Analysis Hours: 4 (Supporting Course Objective 5)

Teaching content: performance driver analysis based on profit

Teaching requirements: to understand the framework of profit-based performance driver analysis; to master business cost analysis and sales revenue analysis; to understand the basic form of cost-volume-profit analysis; to master the application of cost-volume-profit analysis; to understand the influencing factors of enterprise profit and its mechanism for determining profit

Key points and difficulties: the key point is on business cost and sales revenue analysis; the difficult point is the basic idea and application of the cost-volume-profit analysis method

Experiment, exercise, seminar and other forms of teaching: one exercise session on the application of the cost-volume-profit analysis

4. Textbook and References

(I) Textbook

Huacheng Wang et al., *Financial statement analysis (3rd edition)*, People's University of China Press, 2022

(II) References

- (1) Xinmin Zhang and Aimin Qian, *Financial Statement Analysis (6th Edition)*, People's University of China Press, 2023
- (2) Shizhong Huang, *Financial Statement Analysis*, China Financial Publishing House, 2020
- (3) Jinfu Ye, *Fraud from Statements: Financial Statement Analysis and Risk Identification*, Machinery Industry Press, 2022
- (4) JiuHong Yu, *Financial Statement Analysis*, Northeast University of Finance and Economics Publishing House, 2021
- (5) Wenguo Liu, *Financial Statement Analysis (4th Edition)*, Shanghai University of Finance and Economics Press, 2023
- (6) <http://www.csrc.gov.cn/pub/newsite/>
- (7) <http://www.sse.com.cn/>
- (8) <http://www.szse.cn/>

5. Assessment Methods and Evaluation of The Achievement of Course Objectives

(I) Assessment methods

Evaluation methods and composition of total scores: process assessment scores accounted for 60%, the final exam

scores accounted for 40%

Final examination: closed-book examination

Assessment scoring criteria:

Evaluation Form	Activity	Description	Weight
Process Assessment	Assessment at Ordinary Times	(1)Class attendance and in-class participation (2) Evaluation of the completion of study group tasks (3) Evaluation of participation in topic discussions	10% 20% 10%
	Assessment Unit Test	Including midterm tests, course research reports, etc.	20%
Final Exam	Closed-book Exams	Questions will be assigned according to the requirements of the course syllabus, using a percentage system, including but not limited to multiple-choice questions, judgment questions, calculation and analysis questions, comprehensive practical applications, etc.	40%

(II) Evaluation of the achievement of course objectives

The evaluation of the achievement of the course objectives adopts a combination of quantitative and qualitative methods, using a variety of evaluation methods such as course learning effect questionnaires, regular communication and seminars with students, targeted interviews based on learning situation analysis, and analysis of course assessment results, etc. It is expected to estimate and give feedback on the construction and implementation of the course from multiple levels, and summarize and analyze whether the expected objectives of the course have been achieved in a timely manner.

6. Teaching Methods and Suggestions

Financial Statement Analysis is a course of strong practical application .Students are required to understand the basic theories and methods of financial statement analysis, master the basic technical tools of financial statement analysis and its practical application.To achieve this teaching goal, teaching strategies and suggestions in classroom teaching and extra-curricular development are as follows:

(I) Classroom teaching

(1) Foundation and theories

The basic knowledge of the course is abstract and difficult to understand, so it is supposed to make full use of modern educational media technology and adopt the methods of comparing and connecting with reality. When necessary, we can involve some other ways such as group discussions and case studies.

(2) Practice of financial statements analysis

The basic technical methods teaching of financial statement analysis should be guided by the project teaching methods. It should be combined with the contents of each teaching module and select the typical events as a project. It is supposed to follow the basic guideline of "under the guidance of the teacher, through the main line of the project, take the students as the main body", use scenario assumptions, group discussions and other ways to activate students' mastery of theoretical knowledge. According to the rules and characteristics of students' learning, it is supposed to start from the students' reality, take the students as the main body and fully mobilize the students' subjective initiative. During the period of the implementation of the process management, teachers should observe and control the process and the effect of teaching, and then assess the learning effect in accordance with the various projects to develop student's practical ability in practical work.

(II) Extra-curricular learning

(1) The sharing of learning reference materials

Make full use of the original textbook materials of the course and share it with students outside the classroom in the form of handouts, exercises, reading materials and other forms. And it can be combined with case studies, group discussions and other forms of interaction between teachers and students to enhance students' innovative practical ability.

(2) Self-studying and prolongation

For the professional field of this course, at the time of teaching in classroom, it's necessary to arrange students to read reference materials regularly and collect hot topics in the field by network and other media in a timely manner. And at the same time, it is supposed to require students to consult the academic frontier information of related fields and expand the professional theoretical knowledge combining with group discussion.