***Program of the course***

***“Financial Analysis”***

**Topic 1. Investment Criteria (2 hours).**

**Topic 2. Financial ratios (3 hours)**

*Activity ratios. Liquidity ratios. Profitability ratios. Solvency ratios.*

*DuPont Analysis: the decomposition of ROE. Equity analysis. The credit rating process.*

*Business and geographic segments.*

**Topic 3. Bankruptcy prediction (2 hours)**

*Market based and accounting based prediction models. Altman model. Zmijewski model. Ohlson model.*

**Topic 4. Evaluating Financial Reporting Quality (3 hours)**

*Balance sheet approach. Cash flow statement approach. Integration of financial analysis techniques.*

**Topic 5. Integration of financial statement analysis techniques (3 hours)**

*Sources of earnings and return on equity. Capital structure. Capital allocation decisions. Off – balance – sheet financing. Anticipating changing accounting standards.*

**Topic 6. Capital Budgeting (3 hours)**

*Principles. Modified Accelerated Cost Recovery System. Expansion Project Analysis. Replacement Project Analysis. Mutually Exclusive Projects with Different Lives. Last Common Multiple of Lives Method. Capital rationing. Capital budgeting pitfalls. Economic profit. Market value added.*

**Topic 7. Corporate governance (2 hours)**

*Conflicts of interests in corporation.*

**Topic 8. Mergers and Acquisitions (3 hours)**

*Types of mergers. Common motivations. Bootstrapping. Form of acquisition. Hostile mergers offers. Pre – Offer Defense Mechanisms. Post – Offer Defense Mechanisms. Cash Payment versus Stock Payment.*

**Topic 9. Three Methods for Remeasurement/ Translation of Local Currencies**