

# Advanced Financial Statement Analysis



## Take a closer look

Are you interested in building deeper skills in analyzing accounting information and using that information to make smart financial decisions? Are you interested in a firm's growth in revenues and earnings, and how that growth drives share prices? Do you want to be able to rigorously evaluate a firm's financial statements, evaluate "accounting quality" and adjust the statements if you suspect earnings management? Will it be helpful for you to forecast and model a firm's future earnings and cash flows, and then use those expectations to estimate share value?

These are questions of fundamental importance for professionals involved in equity investments, lending and credit risk assessments, M&A, corporate strategy and governance, consulting, and financial regulation. Companies' reported financial statements provide a wealth of information to understand profitability, growth, risk, and value. But to unlock that wealth of information, you have to know where to look and how to analyze the numbers. The **Advanced Financial Statement Analysis** program will provide you with an analytical framework and practical tools to analyze and exploit information in corporate financial statements.

Financial reporting under IFRS and U.S. GAAP provides managers with wide latitude in how they measure and report financial performance and position. Managers can use this latitude to inform or to mislead stakeholders. Past financial reporting scandals (e.g. Enron) reveal that managers who engage in earnings management or fraud can do enormous damage. Therefore, this program will also increase your ability to assess accounting quality, and detect and undo earnings management.

## How you will benefit

- Analyze and use the information that firms report in balance sheets, income statements, statements of cash flows, and related notes
- Understand the types of accounting choices and estimates under IFRS and US GAAP that managers make in terms of their business strategy, constraints, and especially incentives
- Evaluate firms' accounting quality, and test for the likelihood of fraud

- Know how to restate firms' reported financial statements to undo earnings management, when needed
- Develop a better understanding of the types of red-flags to watch out for by analyzing the current financial statements of a company, with real-life case studies of several high-profile organizations
- Gain a powerful toolkit you can use to analyze financial statement data to assess firms' profitability, risk, growth, and cash flows
- Develop a comprehensive set of methods and mechanics for forecasting firms' future business activities, and measuring the expected effects of those activities with projected future balance sheets, income statements, and cash flow
- Understand and apply various valuation approaches, including residual income valuation, discounted free cash flows, and market-based valuation multiples

	5 days
	€5,250
	4.6/5
	13 – 17 May 2019 2 – 6 December 2019

## Faculty

**Jim Wahlen** is Professor of Accounting, Chair of the Accounting Department, and the James R. Hodge Chair of Excellence at the Kelley School of Business at Indiana University. His teaching and research interests focus on financial accounting and the capital markets.

Jim is an award-winning teacher, and co-author of *Financial Reporting and Statement Analysis: A Strategic Perspective*. He received his PhD from the University of Michigan in 1991, and has had public accounting experience in both Milwaukee and Seattle.



This program is eligible for **30 CE credit hours** as granted by CFA Society VBA Netherlands

## Program Content

This program develops and applies a six-step framework for analysis and valuation of companies. Throughout the training we will use real companies and real financial statements. In the program we will analyze:

- Competitive dynamics within an industry
- A firm strategy and competitive advantages
- Accounting and financial reporting quality
- Financial analysis, focusing on profitability, risk, and growth
- Forecasting future earnings and cash flows
- Valuation and investment decision-making

The program demonstrates and applies this analytical framework and a wide array of practical tools in order to emphasize the use of financial accounting information in equity valuation and other financial decision-making contexts. We will also examine the issues that corporate managers face as they design and implement financial reporting strategies, increasing your abilities to detect and undo the effects of earnings management. The framework and tools developed in this program are intended to enhance your analytical skills if you are interested in using financial statements in a wide array of financial decision-making contexts, particularly equity valuation.

The program consists of the following three integrated parts:

**I. Financial Statement Information:** Enhance your understanding of the accounting information contained in company annual reports (balance sheets, income statements, statements of cash flows, and related footnotes and disclosures). We will examine the many value relevant pieces of information that financial statements contain, as well as the accounting choices managers make in light of their business strategy, constraints and incentives, and U.S. GAAP and IFRS.

**II. Analysis:** Deepen your ability to analyse how financial statement information captures and reflects the critical factors of risk and success in the competitive environment and strategy of firms. Here we will introduce you to a variety of advanced practical tools that allow you to obtain much more information out of a set of financial statements, enabling you to better assess a firm's profitability, risk and growth. In this section of the program we will also analyse an advanced set of cases in which we will evaluate accounting and earnings quality, assess the likelihood of earnings management, and undo the effects of earnings management.

**III. Accounting-based Valuation:** Learn and apply a variety of state-of-the-art accounting-based valuation techniques, including discounted free cash flows, residual income, and valuation multiples such as price-earnings ratios and market-to-book ratios. In addition, you will be exposed to the interplay between firms and analysts, and the striking impact of earnings numbers on share prices in the capital markets.

### Day 1

A Framework for Financial Statements Analysis - The Role of Earnings in the Capital Markets - The Information Content of Financial Statements

### Day 2

Profitability and Risk - Analyzing Cash Flows

### Day 3

Analyzing Accounting Quality and Detecting Earnings Management

### Day 4

Analyzing Accounting Quality and Detecting Earnings Management (continued) - Building Financial Statement Forecasts

### Day 5

Accounting-based Valuation - Application of Financial Statements Analysis for Forecasting and Valuation

## Enrolling & Practical Information

### Enrollment requirements

AIF considers each enrollment application carefully to ensure the quality and level of the program is maintained and that participation of candidates is beneficial to both themselves and their organizations. The general prerequisite for all AIF programs is the possession of an academic or equivalent degree, as well as proficiency in English and practical experience.

### How to enroll

Enrollment for one of AIF's programs is done via an online application form to be found on AIF's website: [www.aif.nl](http://www.aif.nl). There is no closing date for enrollment although it is advisable to enroll early, as places are limited and preparation is required for all AIF programs. General Terms & Conditions of Enrollment and Cancellation must be agreed before enrolling and are available on AIF's website.

### Accommodation

AIF has special corporate rates available for participants at a number of hotels in central Amsterdam.

### Certificates

An AIF certificate of attendance is awarded to all participants who successfully complete the program.

### Program location

The programs are held in the center of Amsterdam, within an easy walk from Amsterdam Central Station, and within 30 minutes from Schiphol international airport.

### Program fees

Program fees include tuition, all comprehensive program materials, books, and any software that is required for the program, as well as luncheons and daily refreshments. Accommodation is not included.

### In-company programs

For information on how AIF can add value to your organization via a tailored in-company program, please contact AIF directly at: +31 20 520 0160.

## About Amsterdam Institute of Finance

AIF is a global financial innovation and education institute headquartered in Amsterdam. Through our open enrollment programs in Amsterdam and our in-company programs throughout the world, we connect ambitious professionals with the best minds in finance and other related topics. Taking part in one of our programs is a direct investment in your personal future and the success of your organization.

This is what makes the AIF experience unique:

- We believe in responsible, sustainable and inclusive finance
- Our clients, rather than profits, come first
- AIF is an independent and not-for-profit foundation, which allows us to cherry-pick our faculty from the world's leading business schools, such as INSEAD, NYU Stern, Berkeley Haas, Cambridge Judge and others
- AIF delivers top quality programs. Our alumni give our faculty an average rating of 4.6 out of 5.0
- Enrollment in one of our programs means you become part of the AIF network, connecting you to professionals from more than 1,200 organizations in over 110 countries

**AIF VISION: We believe that better-educated professionals can better their world, be it their career, their organization, their sector or the world itself.**