

E001	<b>Business analysis</b>	L	P	S	ECTS
		2	1	1	4

**Course objectives.** Introduce students to the basic concepts of business analysis with an emphasis on the financial aspect of SMEs. Learn the basic financial statements. Learn how to make and interpret horizontal and vertical analysis and analysis of financial indicators. Learn what business riskiness means and how it is measured. Learn long-term and short-term planning. Introduce students to various sources of financing. Introduce students to the most important investment criteria for evaluating the return on investment. Adopt basic concepts of capital budgeting. The emphasis is on applying these analyses to practical situations. In all calculations, students use Excel.

**Prerequisites.** There are no restrictions for graduate students of mathematics.

**Course content.**

1. What does it mean to analyze the business of an enterprise: A qualitative and quantitative approach to analyzing the business of an enterprise. Application of analyzes in practical situations.
2. Basic elements of financial statements: Balance sheet. Income statement. Cash flow statement.
3. Financial Analysis: Horizontal Analysis. Vertical analysis. Liquidity analysis. Debt analysis. Cost-effectiveness analysis. Activity analysis. Profitability analysis. Du Pont system.
4. Business Risk Assessment Models: Ways of Risk Assessment. Some well-known business risk assessment models. Application of the models in the risk assessment of small and medium-sized enterprises in Croatia.
5. Long-term financing: Use of long-term financing. Long-term financing methods. Percentage of sales method. Sustainable growth rate. Internal growth rate. Application in practical situations to calculate needed funds for business growth.
6. Short-term financing: Use of short-term financing. Business cycle. Cash cycle. Cash budgeting. Application in practical situations.
7. Sources of financing: Traditional Sources of Financing. Modern sources of financing. Financing with respect to the life cycle stage.
8. Investment criteria: Net present value. Discounted rate of return. Internal rate of return.
9. The Entrepreneurial Capital Budgeting Model: IRR. ERR. Diffusion coefficient. Selection of the group of projects or portfolio that gives the highest IRR with the lowest risk.
10. Project assignment: Business analysis of an enterprise in Croatia: financial analysis, business risk analysis, long-term financing, short-term financing and an entrepreneurial model of capital budgeting.

**LEARNING OUTCOMES**

No.	LEARNING OUTCOMES
1.	Analyze financial statements.

2.	Business risk assessment.
3.	Assess the needs for business financing.
4.	Compile business cycle and cash cycle.
5.	Evaluate an investment project.
6.	Evaluate the business of the enterprise.
7.	Develop an entrepreneurial model of capital budgeting.

**RELATING THE LEARNING OUTCOMES, ORGANIZATION OF THE EDUCATIONAL PROCESS AND ASSESSMENT OF THE LEARNING OUTCOMES**

TEACHING ACTIVITY	ECTS	LEARNING OUTCOME	STUDENT ACTIVITY	EVALUATION METHOD	POINTS	
					min	max
Attending lectures and exercises and class activity	1	1-7	Problem solving, thematic discussions	Continuous evaluation of completed tasks	5	15
3 midterms	2	1-7	Solving numerical tasks and theoretical questions	Grade of written exams	25	55
Project assignment	1	1-7	Designing the project assignment	Assessment of the project assignment	20	30
Total	4				50	100
Final exam*	4	1-7	Written and oral exam; Project assignment	Grade of the written and oral exam; Grade of the project assignment		

\* students who didn't take the midterms (continuous assessment) have the opportunity to pass the exam integrally within standard exam periods. The integral exam consists of a written exam and a project assignment

**Teaching methods and student assessment.** Lectures, seminars and exercises are required. The exam consists of a written part which is taken after the lectures and a project assignment that is made continuously throughout the duration of the class, and is submitted for assessment after the lectures. Acceptable results at the midterm tests, which students write during the semester, replace the written part of the exam. Classes are taught in an informatics classroom where students apply business analysis on practical examples using Excel.

**Can the course be taught in English:** Yes

**Basic literature:**

1. Ross, Westerfield, Jordan; Fundamentals of Corporate Finance, McGraw Hill, Boston, 2003.
2. N. Šarlija, Reviewed course materials available on the course website.

**Recommended literature:**

1. Berman, K, Knight, J. Financial Intelligence, Cash is king, Harvard Business School Press, Boston, 2006.
2. Helfert; Techniques of Financial Analysis, IRWIN, Boston, 1991.
3. Žager, K., Žager, L., Analiza financijskih izvještaja, Masmedia, Zagreb, 1999.