

FINANCIAL STATEMENT ANALYSIS

Course No	:	BUS 251
Course Title	:	FINANCIAL STATEMENT ANALYSIS
Prerequisites	:	BUS 100
Course Type	:	Major – Elective
Faculty Member	:	Dr. ; Room # ; Telephone ; e-mail ;
Office Hours	:	
Class Time	:	
Lecture Class	:	

Course Objectives:

This is a foundation course in finance, designed to develop the ability to use basic tools of analysis required by financial managers. Financial statement analysis, serves the essential function of converting data, of which, in this age of the computer, there are a bewildering quantity and variety, into useful information, which is always in scarce supply. The course should be useful to students contemplating careers in investment banking, credit lending, public accounting, security analysis, consulting, corporate management and anyone interested in personal investment.

Course Description:

This course on financial statement analysis provides students with a fundamental understanding of how to interpret accounting data presented in financial statements issued by corporations. The course introduces and analyses the relationship between business activities (planning, financing, investing and operating) and financial statements. It demonstrates popular tools and techniques in analyzing and interpreting financial statements with an emphasis on the need of users' of financial statements. The basic concepts and conventions applied to the construction of financial statements is briefly viewed, Emphasis is placed on the interpretation of financial data by means of comparative statements, trend percentages, detailed analysis of working capital and extensive use of various generally accepted ratios.

Course Outline:

1. The Traditional Accounting Model
2. Forms of business entities
3. The Financial Statements
4. Elements of the Balance Sheet
5. Liquidity of short term assets
6. Liquidity Ratios
7. Elements of the Income statement
8. Leverage Ratios

9. Intangibles
10. Analysis of the investor
11. Mergers and acquisitions,
12. Statement of Cash Flows
13. Forecasting and Cash Flow analysis
14. Firm valuation using discounted cash flows and discounted residual income methods
15. Common size comparative valuation analysis
16. Financial statement variations by types of industry

Learning Outcomes:

By the end of this course, the student will be able to:

1. Read, analyze and interpret financial statements of organizations.
2. Know the limitations of statement analysis.
3. Use spreadsheet packages in financial statement analysis.
4. Apply analytical tools to the income statement, balance sheet and cash flow statement.
5. Analyze the overall financial condition of a firm from the perspective of creditors, investors, management, and auditors

Teaching Methods:

Electronic presentation;
 Use of Spreadsheet package to implement the analysis tools, and CD-ROM for action learning;
 Use of the Internet for up-to-date global information;
 Usage of Statistical CD-ROM data.

Skills to be developed:

This course helps students in developing the following skills:

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| 1. Communication (Oral & written) | Through Assignments, Case Study discussions and Examinations |
| 2. Analytical | Through Case studies and examinations |
| 3. Team Work | Through Case studies |
| 4. Creative Thinking | Through Case studies, assignments, classroom discussions |
| 5. Adaptability to Change | Through Case studies, and examinations |
| 6. Ethics | Through lectures and assignments |
| 7. Use of Information Technology | Through use of PCs, Internet, CD-ROM, Statistical data base in the library |
| 8. International issues | Through Case studies, assignments, classroom discussions, and examinations |

Evaluating Student Performance:

Class participation and attendance	10%
Individual assignments	40%
Mid-term examination	20%
Final Exam	30%

Assignment	LO1	LO2	LO3	LO4	LO5
Class participation	X		X		
Class assignments	X	X	X	X	X
Mid-term exam	X			X	X
Final exam	X			X	X

Grading:

<u>Percentage Score</u>	<u>Letter Grade</u>	<u>GPA Points</u>	<u>Percentage Score</u>	<u>Letter Grade</u>	<u>GPA Points</u>
90 - 100	A	4.0	70 - 74	C	2.0
85 - 89	B+	3.5	65 - 69	D+	1.5
80 - 84	B	3.0	60 - 64	D	1.0
75 - 79	C+	2.5	< 60	F	0.0

Educational Resources:

Educational Resource	Description	Comments
Textbooks Required	Analysis of Financial Statements by Leopold A. Bernstein, John J. Wild The Analysis and Use of Financial Statements 2nd ed Sol GI White, 1997 John Wiley and Sons Inc Financial Statement Analysis 8th ed. , by Wild, Subramanyam, & Halsey, Robert F. (2004)	
References	Corporate Financial Reporting by Browlee, Ferris, Haskins. Principles of Corporate Finance by Brealey and Myers. <i>Miscellaneous Sites</i>	
Internet Resources	Internet searches for obtaining information on Financial Statement Analysis	
Journals		
Computers		
CD - ROM :	(CD-ROM) data base in the library + Action learning through CD Accompanying the textbook	
Other Resources:	Library resources, Internet search of periodicals	

Course Schedule & Outline:
Sixteen Week Semester, 3 hrs/Wk

Date	Week	Outline Syllabus	Learning Outcomes	Homework Assignments, Due dates
February 12/2-16/2	1		LO1	
February 19/2-23/2	2		LO2	
May 28/5- 31/5		General Review		