Title: Financial Statement Analysis
Abbreviation and Number: ACCA330    AB Paper No.: 14-54
School: Business
Department: Accounting
Credits: 3  Course Sequence: ( X ) Fall   ( ) Spring   ( ) Fall and Spring
Hours Per Week: ( 3 ) Lecture   ( ) Seminar   ( ) Laboratory   ( ) Studio   ( ) Kitchen
( ) Other (Specify)
Pre-requisite(s): ACCA300 and or permission of Instructor/Chair
Co-requisite(s): None

COURSE DESCRIPTION
Students use accounting techniques to analyse various types of financial statements. They focus on accounting tools used to evaluate business enterprises, and the analysis and evaluation of financial statements from the users’ perspective.

SPECIFIC OBJECTIVES
Upon successful completion of this course students will be able to
1) analyse primary sources of data to prepare financial statements;
2) demonstrate the effects on financial results of using different methods of valuing assets;
3) assess credit risks when making investment decisions based on accounting information;
4) incorporate taxation in financial statements;
5) discuss off-balance-sheet financing techniques;
6) prepare various combinations and valuations of business entities;
7) determine the need and amount of bank financing by assessing business performances and analysing long-term liabilities;
8) synthesize concepts and techniques involved in the analysis of credit and equity risk;
9) analyse asset-based and discounted cash flow models using financial data; and
10) employ the use of ratios in analysing financial statements.

COURSE CONTENT
I. Financial Reporting
   A. Accounting model
   B. Users of financial statements
   C. Standard setting bodies

II. Financial Statements and Reporting
   A. Accounting cycle
   B. Income Statement
      i. Elements
      ii. Ordinary and non-ordinary items
      iii. Earnings per share (EPS)
      iv. Dividends
   C. Balance Sheet
      i. Assets
      ii. Liabilities
      iii. Treasury stock
      iv. Stockholders’ equity
      v. Off-balance sheet financing
   D. Statement of Cash Flow
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i. Nature
ii. Ratios
iii. Development
iv. Preparation

E. Consolidations

III. Financial Statement Analysis
A. Financial Ratios
   i. Loan departments
   ii. Corporate controllers
   iii. Forecasting tools
   iv. Management tools
B. Common Size and Trend Statements
C. Quality of Earnings Concept
D. Corporate valuation

IV. Liquidity Analysis
A. Current Assets
B. Current Liabilities
C. Operating Cycle

V. Long Term Debt Paying Ability

VI. Profitability Analysis
A. Segment reporting
B. Comprehensive income
C. Interim reports

VII. Investor Analysis
A. Leverage
B. Dividend
C. Stocks

VIII. Special Industries
A. Banks
B. Regulated utilities
C. Transportation
D. Insurance
E. Real estate companies

IX. Governments and Not-for-Profit Organisations

X. Credit risk Assessment
A. Adjustment to book value
B. Earnings variability and its components
C. Bond ratings
   i. Usefulness
   ii. Significance
D. Prediction of equity risk

ASSSESSMENT
Assignments…………………………. 20%
Tests…………………………………. 40%
Final Examination……………………40%
Total………………………...........100%

REQUIRED TEXT

SUPPLEMENTARY READINGS/MATERIALS

JOURNALS
Accounting and Business Research
Accounting Horizons
The Accounting Review
Accounting Today
The CPA Journal
Financial Analysis Journal
The GAAP Guidebook
Journal of Accounting
Journal of Accounting Research
The Practical Accountant

WEBSITES
www.aicpa.org
www.fasb.org
www.gasb.org
www.iasb.org
www.ifrs.org