

# Financial Statement Analysis

## Course Objectives

The aim of the course is to help the students analyze and interpret the financial statements effectively for making important business decisions. The objective is also to use this information to make forecasts and evaluation of firms.

## Syllabus

Financial Statements, Techniques for financial statements, Ratio Analysis, Forecasts and projections, Valuation and modeling.

## Expected Outcome

On completion of the course the students are expected to acquire knowledge on the concepts, tools and techniques of financial statement analysis. The students should be able to make forecasts on the basis of the financial statements. References

1. Sinha.Gokul, Financial Statement Analysis PHI Learning Private Ltd.
2. T.R. Robinson, E. Henry, W.L.P. Pirie, M.A. Broihahn, International Financial Statement Analysis, John Wiley and Sons.
3. P.P. Drake, F.J. Fabozzi, Analysis of Financial Statement, John Wiley and Sons.
4. Fridson.Martin, Alvarez.Fernando, Financial Statement Analysis, John Wiley and Sons.

## Topics

1 Financial statements- Balance sheet-Income Statements, Fund flow statements-Uses of financial statements; Financial statement analysis- Inter firm and intra firm analysis.

2a Techniques for Financial Statement Analysis-comparative financial statements-common size financial statements-trend analysis- Percentages

2b Ratio Analysis-Roles of Ratios in FSA; Analysis of Financial Statements through ratios-short term solvency analysis

## First Internal Examination

3 Long term solvency analysis-profitability analysis-Activity analysis-DuPont Analysis, Cash flow analysis- cash flow statements-format and presentation of cash flows

4 Forecasts and projections-Forecasting from book value-forecasting from earnings and book value

Second Internal Examination

5a Forecasting from accounting rate of returns-forecasting profitability and sales; analysis

5b Valuation and Modeling- Price –to-book ratios and Price earnings ratio-Trading comparable analysis-  
Discounted cash flow model(DCF)-Accounting book values-Free cash flow-Cost of capital-Sensitivity

Final Examination