

# BBM 419: Financial Statements Analysis COURSE OUTLINE

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## Course Purpose

The course will assist the learner to analyze financial statements as a basis for extracting information for business decision making, especially in investments.

## **Learning Outcomes**

By the end of the course, the learner should:

- i. Identify the various sources of information for the analysis of a business.
- ii. Analyse a business using the financial statement analysis tools and make decisions.

#### Course Content

- 1. Introduction to financial statements analysis.
- 2. The financial report and financial statements.
- Components of a financial report.
- GAAPs: Assumptions and principles of accounting.
- Accounting standards (IFRS).
- 3. Using Financial Statement Information.
- Why evaluate financial statements?
- Internal uses, external uses.
- Choosing a benchmark.
- Merits and limitations of financial statements analysis.
- 2. Getting comfortable with Ms Excel for Financial Analysis (Week 5 to 7).
- 3. Cash flows and taxes.
- 4. Standardized Financial Statements.
- Vertical analysis
- Horizontal analysis/ Base year analysis
- Combined vertical and horizontal analysis.
- 6. Ratio Analysis & the Du Point Identity.
- 7. Earnings analysis.
- 8. Cash flow analysis.
- 9. Time trend analysis & peer group analysis.

# Teaching Methodology

- Lectures and discussions.
- Case studies.
- Class discussions and presentations.
- Instructional Materials and Equipment.
- Computers/internet services, journals, newspapers, chalk/pens and white boards.

# Instructional Materials and Equipment

- Prescribed textbooks.
- Computers/internet services.
- Journal and newspaper articles.

### Course Assessment

Assssment	Score
Continuous Assessments	10%
Ms Excel Practical Assessment	10%
Classroom assignments	10%
End of semester examinations	70%
TOTAL	100%

#### References

Subramanyam, K. (2014). Financial Statements Analysis, 11th Edition. London. McGraw Hill Education.

Proctor, K.S. (2009). Building Financial Models with Microsoft Excel: A Guide for Business Professionals. New York. Wiley.

Fridson, M., & Alvarez, F. (2002). Financial Statement Analysis: A Practitioners Guide. Hoboken, New Jersey: John Wiley & Sons, Inc.

Robinson, T., & Henry, E. (2009). *International Financial Statements Analysis*. Hoboken, New Jersey: John Wiley & Sons, Inc.