

# KARATINA UNIVERSITY

Course Outline: BBM 419- Financial Statements Analysis

*John Karuitha*, jkaruitha@karu.ac.ke

2022-10-12

## 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. Getting comfortable with Ms Excel for Financial Analysis (Week 1 to 4).
3. Financial statements.
4. Using Financial Statement Information; why evaluate financial statements? Internal uses, external uses, choosing a benchmark, problems with financial statements analysis.
5. Cash flows and taxes.
6. Standardized Financial Statements. - Vertical analysis - Horizontal analysis/ Base year analysis - Combined vertical and horizontal analysis.
7. Ratio Analysis & the Du Point Identity.
8. Earnings analysis.
9. Cash flow analysis.
10. 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

Assessment	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.