



COURSE OUTLINE

BBM 419 : Financial Statements Analysis

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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

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.