

FIN4214 Introduction to Financial Statement Analysis

Code

FIN4214

Title

Introduction to Financial Statement Analysis

Prerequisites

FIN 3201 Financial Institutions and Markets FIN 3121 Principles of Finance

Credits

3

Description

The course objective is to teach students to accurately read and analyse financial statements of various companies in a variety of industries. It examines the uses and misuses of financial statement data for a wide range of financing decisions. The course analyses various reporting options that affect income, assets, cash flow forecasts, financial ratios, and trends; distinguishes between accounting rules and underlying economic realities; and examines approaches that analysts can take when external reports do not reflect a firm’s underlying economics. The course focuses on the pragmatic implications of corporate disclosures and nondisclosures.

Outcomes

By the end of the course, students should be able to: Understand the roles of financial reporting and financial statement analysis. Understand the roles of the key financial statements in evaluating a company’s performance and financial position. Explain the objective of financial statements and the importance of reporting standards. Identify and explain information sources besides annual financial statements and supplementary information that analysts use in financial statement analysis. Identify the analytical phases, sources of information, and output of financial analysis.

Assessment

60 % -first and second assessments

40 % -final assessment

Tentative course outline

Week1

Introduction to Investing and Valuation

Week2

Introduction to the Financial Statements

Week3

How Financial Statements are Used in Valuation

Week4

How Financial Statements are Used in Valuation

Week5

Cash Accounting, Accrual Accounting and Discounted Cash Flow Valuation

Week6

Cash Accounting, Accrual Accounting and Discounted Cash Flow Valuation

Week7

Cash Accounting, Accrual Accounting and Discounted Cash Flow Valuation

Week8

Accrual accounting and Valuation: Pricing Book Values

Week9

The Analysis of the Statement of Shareholders’ Equity

Week10

The Analysis of the Balance Sheet and Income Statement

Week11

The Analysis of the Balance Sheet and Income Statement

Week12

The Analysis of the Cash Flow Statement

Week13

The Analysis of the Cash Flow Statement

Week14

The Analysis of Profitability

Week15

The Analysis of Growth and Sustainable Earnings Final Exam