

L	T	P/S	SW/F W	TOTAL CREDIT UNITS
3	-	-	-	3

Course Title: Financial Statement Analysis
Level: PG

Course Code: FIBA711

Credit Units: 3

Course Objectives: The objective of this course is to provide students with a firm conceptual background and analytical tools necessary to understand and interpret business financial statements.

Pre-requisites: The student must have an understanding of Accounting techniques and various models in the course of Financial Management

Student Learning Outcomes: This course should enable students to think in terms of innovative solutions in Analysis of the Income statements of an organization.. More over after this course the student will

- Understand the importance of Financial statements prepared in an organization
- Gain the knowledge about the types of techniques used in Analysis of Financial statements of a Company.
- Will be able to familiarize with other tools and techniques of Financial Analysis.
- Will gain ability to interpret information contained in management reports.

Course Contents/Syllabus:

	Weightage (%)
Module I : Introduction to Financial Statements	20
Descriptors/Topics Meaning, types and Limitations. Overview of Financial Statements (Organization, Usefulness, Volume of Information, Complexity, Quality of Financial Reporting)	
Meaning of Financial Statements Analysis, Meaning of various tools of Financial Analysis – Horizontal Analysis, Vertical Analysis, Trend Analysis, Common Size Statement. Assess a company's financial performance in comparison with previous periods' financial statements, inter firm comparisons and industry averages. Revision of Balance Sheet	

and P&L statement fundamentals.	
Module II: Financial Ratio Analysis	20
<p>Descriptors/Topics</p> <p>Meaning and Functional Classification of ratios. Computation, interpretation and appraisal of financial ratios in respect of:</p> <ol style="list-style-type: none"> Profitability, earnings, operating performance and efficiency. Liquidity, Solvency and working capital management. Asset and capital structures, including gearing ratio Cash Flows and cash flow management. Stock market performance including earnings, dividend and price relationships. <p>Analysis of segmental information (class of business, geographical). Calculation and Interpretation of Ratios from Balance Sheet and Income Statement.</p>	
Module III : Cash Flow Statement and Fund Flow Statement	20
<p>Descriptors/Topics</p> <p>Meaning, Objectives, Procedure of preparing Cash Flow Statements (As per AS. 3). Statement of Cash Flows (Preparing a Statement of Cash Flow, Calculating Cash Flow from Operating Activities, Cash Flow from Investing Activities, Cash Flow from Financing Activities).</p> <p>Analyzing the Statement of Cash Flows. Cash flows and financial flexibility (linkages to dividend policy and over retention of profits). Meaning of Fund flow Statement. Difference between Fund flow statement and Cash flow Statement.</p> <p>Statement of Fund Flows (Preparing a Statement of Fund Flow, Preparing Statement of changes in working capital, Calculating Fund from Operations, Analyzing the Statement of Fund Flows).</p> <p>•</p>	
Module IV : Common Size Statements	20
<p>Descriptors/Topics</p> <p>Meaning and Preparation of Common size Profit & Loss A/C and Balance Sheet. The Balance Sheet (Financial Condition, Assets, Liabilities, Stockholders' Equity). The Income Statement and the Statement of Retained Earnings (The Income Statement, the Statement of Retained Earnings, Statement of Shareholders' Equity, Earnings Quality, Inflation, Financial Ratios).</p>	

Module V : Corporate Financial Statements Analysis	20
Descriptors/Topics Understanding the Contents of Corporate Annual Reports. Corporate Financial Reporting – Meaning, Objectives of corporate financial reporting, Qualitative characteristics of financial reporting information. Window Dressing in corporate financial reporting, Creative Accounting/ Creative Financial Practices adopted in window dressing. Preparation and Complete Understanding of Corporate Financial Statements: ‘T ’Form and Vertical Form of Financial Statements.	

Pedagogy for Course Delivery: The course will be delivered mainly through lectures, Case studies, videos and supported with practical examples from the current business environment.

Assessment/ Examination Scheme:

Theory L/T (%)	Special Project	End Term Examination
25%	5% <ul style="list-style-type: none"> • There will be a special project based on Analysis of Financial statement • For this project you will have to do some research, collect data and apply the appropriate methodology for Financial Analysis 	70%

Theory Assessment (L&T):

Continuous Assessment/Internal Assessment					End Term Examination
Components (Drop down)	C	A	CT	EE	
Weightage (%)	10	5	15	70	

Text & References:

Text: Lyn. M. Fraser, Understanding Financial Statement, 10 edition 2012, Pearson Higher Education.

Additional reading:

- 1) Wendy McKenzie, Using and Understanding Company Accounts, Prentice Hall, 2003.
- 2) Frank J. Fabozzi, Pamela P. Peterson, Analysis of Financial Statements, Frank J. Fabozzi Associates, New Hope, Pennsylvania, 1999.
- 3) Lyn M. Fraser, Aileen Ormiston, Understanding Financial Statements, Prentice Hall, 2006.
- 4) 1. Advanced Accountancy – II (Corporate Accounting), 18th Edition by S.P.Jain & K. N. Narang, Kalyani Publication.
- 5) Financial Accounting – Principles & Practices by Jawaharlal and Seema Srivastava, S.Chand Publication.
- 6) Financial Accounting for Management (An Analytical Perspective) 3rd Edition by Ambrish Gupta, Pearson publication.
- 7) Financial Statement Analysis and Reporting by Peddina Mohana Rao, PHI Learning Pvt. Ltd.
- 8) Corporate Accounting by A.Mukherjee & M. Hanif , Tata McGraw Hill.
- 9) Corporate Accounting – Dr S.N. Maheshwari & Dr. S. K. Maheshwari, Vikas Publication
- 10) Basic Financial Accounting for Management by Paresh Shah, Oxford University Press.