

ACCT G250: ANALYSIS OF FINANCIAL STATEMENTS

Item	Value
Curriculum Committee Approval Date	11/05/2024
Top Code	050200 - Accounting
Units	3 Total Units
Hours	54 Total Hours (Lecture Hours 54)
Total Outside of Class Hours	0
Course Credit Status	Credit: Degree Applicable (D)
Material Fee	No
Basic Skills	Not Basic Skills (N)
Repeatable	No
Open Entry/Open Exit	No
Grading Policy	Standard Letter (S), • Pass/No Pass (B)

Course Description

This course teaches students to evaluate and interpret financial statements and disclosures to assess a company's financial health. Key financial analysis techniques will be used to examine liquidity, profitability, activity, and solvency. The course emphasizes understanding financial reporting and business communication. Students will also explore valuation models and use pro forma statements to project future financial performance. PREREQUISITE: ACCT G101. Transfer Credit: CSU.

Course Level Student Learning Outcome(s)

1. Course Outcomes
2. Analyze financial statements, including the income statement, balance sheet, and statement of cash flows, to assess a company's financial health.
3. Apply financial ratios to evaluate a company's operating efficiency, liquidity, solvency, market value, and profitability.
4. Evaluate the quality of earnings and potential ethical issues or fraud in financial reporting.
5. Prepare pro forma financial statements to forecast future revenues, expenses, and financial performance.
6. Use stock valuation models, such as Price-to-Earnings (P/E) ratio and Discounted Cash Flow (DCF), to estimate a company's market value.

Course Objectives

- 1. Apply the principles and techniques of financial statement analysis and their role in assessing a company's financial health.
- 2. Explain the structure and components of financial statements and how they provide insight into a company's operations.
- 3. Calculate financial ratios to evaluate liquidity, solvency, profitability, and operating efficiency.
- 4. Examine earnings quality and the impact of accrual accounting and ethical considerations in financial reporting.
- 5. Prepare pro forma financial statements and predict future financial performance based on forecasting techniques.
- 6. Use stock valuation methods, including P/E ratio and DCF analysis, to estimate company value.

- 7. Discuss working capital management, including trade credit, cash, receivable, and inventory management, for overall business success.

Lecture Content

Introduction to Financial Statement Analysis Overview of Financial Statement Analysis Applying Financial Statement Analysis Understanding Financial Statements Income Statement Balance Sheet Statement of Owners Equity Statement of Cash Flows Common-size Statements Financial Ratios Operating Efficiency Ratios Liquidity Ratios Solvency Ratios Market Value Ratios Profitability Ratios Quality of Earning Accrual Accounting Process Fraud and Ethical Considerations Financial Reporting Corporate structure and government Rising Capital Financial Statement Forecasting Forecasting revenue and expenses Pro forma financial statements Stock Valuation models P/E ratio analysis DCF analysis Alternative Valuation Multipliers Return on Investing Activities Risk and Return on Assets Capital Asset Pricing Model (CAPM) Working Capital and Trade Credit Working Capital Trade Credit Cash Management Receivable Management Inventory Management

Method(s) of Instruction

- Lecture (02)
- DE Live Online Lecture (02S)
- DE Online Lecture (02X)

Reading Assignments

Textbook Journals Periodicals and other readings as appropriate

Writing Assignments

Discussions Case Analysis Class Projects

Out-of-class Assignments

Instructor assigned homework.

Demonstration of Critical Thinking

Students will engage in a project requiring in-depth financial analysis of a publicly traded company. This project demands critical thinking skills to evaluate the company's financial health, based on comprehensive financial statement analysis. Students will demonstrate their ability to interpret complex data and assess business performance using real-world financial metrics.

Required Writing, Problem Solving, Skills Demonstration

Writing assignments that analyze the financial performance of publicly traded companies, exploring the implications for business decision-making and ethical considerations in financial reporting. Exams, quizzes, and assignments that assess students' ability to interpret and evaluate key financial ratios, trends, and overall financial health. Qualitative and quantitative assessment methods that demonstrate proficiency in analyzing balance sheets, income statements, and cash flow statements, along with forecasting and financial planning techniques.

Eligible Disciplines

Accounting: Master's degree in accountancy or business administration with accounting concentration OR bachelor's degree in business with accounting emphasis or business administration with accounting emphasis or economics with an accounting emphasis AND master's degree in business, business administration, business education, economics, taxation, or finance OR the equivalent. Master's degree required. (NOTE: A bachelor's degree in accountancy or business

administration with accounting concentration, with a CPA license is an alternative qualification for this discipline)

Textbooks Resources

1. Required Subramanyam. Financial Statement Analysis, 11 (Latest) ed. McGraw Hill, 2014 Rationale: The textbook is widely used in similar courses at other colleges, ensuring it aligns with industry standards. It effectively supports the course objectives and Student Learning Outcomes (SLOs) by providing comprehensive coverage of financial statement analysis, real-world case studies, and practical applications. 2. Required Whelen. Financial Reporting, Financial Statement Analysis, and Valuation, 10 ed. Cengage, 2023 3. Required Franklin, Dahlquist, Knight, et al. . Principle of Financial Accounting and Principle of Finance , ed. OpenStax (OER), 2023