

Analysis and Uses of Financial Statements

Course Description

Analysis and Uses of Financial Statements is a primer for financial statement analysis. This course is designed specifically for interested parties who must understand how to read, interpret, and analyze financial statements. This course describes in clear, concise, and understandable language the intricacies of financial statements, and their use by investors, creditors, analysts, auditors, and other interested parties. This course can enhance your chance for success in business and investing; by enabling you to profit from the knowledge, insights, and perceptions of professionals who use financial statement analysis tools and techniques on a day-to-day basis. Realistic examples and illustrations of financial statement analysis are widely used in this course to make the subject matter crystal clear. The IFRS difference is noted where applicable.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.

CPE Credits: 12 (CPA)

Category: Accounting

Prerequisite: None

Advanced Preparation: None

Course Learning Objectives

Chapter 1: Objectives of Financial Statement Analysis and Financial Reporting

After reading this chapter, you should be able to:

1. Identify the information needs of investors and creditors.
2. State the objectives of financial reporting.
3. Recognize the qualitative characteristics of accounting information.

Chapter 2: Accounting Assumptions, Principles, Procedures, and Policies

After reading this chapter, you should be able to:

1. Recognize the basic assumptions of accounting.
2. Identify the basic principles of accounting.
3. Apply generally accepted accounting principles.

Chapter 3: Understanding Financial Statements

After reading this chapter, you should be able to:

1. Define the basic financial statements: the balance sheet, income statement, and statement of cash flows.
2. Identify the key balance sheet items portraying a company's financial position.
3. Recognize the most important items on the statement of cash flows.
4. Identify the annual report components, including the financial statements, footnotes, review of operations, auditor's report, and supplementary schedules
5. State how the Sarbanes-Oxley 404 reporting differs from traditional reporting.
6. Assess a company's cash inflows and cash outflows.

Chapter 4: An Overview of Financial Statement Analysis

After reading this chapter, you should be able to:

1. Recognize the important aspects of financial statement analysis.
2. Compare horizontal analysis and vertical analysis.
3. Define the basic components of ratio analysis.
4. Recognize a comprehensive set of financial ratios and interpret them.
5. Identify the limitations of ratio analysis.

Chapter 5: Analysis of Liquidity and Activity

After reading this chapter, you should be able to:

1. Recognize different liquidity ratios and how they can be used to compare companies.
2. Compute and interpret liquidity ratios used to analyze a company's ability to pay debt.
3. Compute and interpret activity ratios.
4. Recognize how inventory and receivable factors will affect business analysis and comparisons.

Chapter 6: Analysis of Solvency and Capital Structure

After reading this chapter, you should be able to:

1. Identify different structure ratios used to analyze the capital structure of a company.
2. Measure operating leverage and financial leverage.
3. Recognize how financing, debt and interest affect company analysis and performance.

Chapter 7: Profitability Analysis

After reading this chapter, you should be able to:

1. List and apply key ratios related to profitability.
2. Identify the basic components of the Du Pont formula and apply it for profit improvement.
3. Compute ROE how it relates to ROI.
4. Recognize how financial leverage affects stockholder's return.

Chapter 8: Market Strength and Overall Evaluation

After reading this chapter, you should be able to:

1. Recognize a wide range of market test ratios used to measure market strength of a company.
2. State how market test ratios evaluate a company's financial performance.
3. Identify the limitations of ratio analysis.

Chapter 9: Analysis of Cash Flows

After reading this chapter, you should be able to:

1. Recognize the key items on the statement of cash flows to analyze company performance.
2. Identify and apply the major ratios used to evaluate the cash flow of a company.
3. Distinguish between cash flow coverage ratios and cash flow performance measures.

Chapter 10: Interim Statements and Segment Analysis

After reading this chapter, you should be able to:

1. Recognize the accounting limitations associated with interim reporting.
2. Identify the disclosure requirements for major segments of a business.