

How to Read and Analyze Financial Statements

Course Description

This course includes 10 videos that provide a thorough coverage of how to read and analyze financial statements as well as how the analysis can be organized to identify and assess a company's value drivers. It begins with videos covering the balance sheet, income statement, statement of cash flows and the statement of shareholders' equity. It then moves into the real world, focusing on Home Depot, its key performance measures, leading to a complete ratio analysis. Home Depot's performance is then compared to that of Lowe's Home Improvement in terms of the basic ratios, more much more importantly using an ROE-based model that highlights the companies' value drivers.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase

Course Level: Overview

CPE Credits: 3.5 (CPA)

Category: Accounting

Prerequisite: None

Advanced Preparation: None

Course Learning Objectives

After studying this course, you will be able to:

1. Recognize what a balance sheet measures and the basic balance sheet classifications and accounts.
2. Recognize what an income statement measures and the basic classifications and line items.
3. Identify measurements in the statement of cash flows and the three basic classifications, especially the operating section prepared under the indirect method.
4. Identify values in the statement of shareholders' equity and the different accounts that appear on it.
5. Assess Home Depot's financial condition and performance by reviewing its financial statements.
6. Recognize the key areas of business performance and link them to the measures provided by the financial statements.
7. Compute and interpret a set of ratios that link to the key areas of business performance.
8. Recognize the differences in the financial condition and performance of Home Depot vs. Lowe's using a set of financial ratios.

9. Identify how return on equity can be broken down into its determinants and measurements of business performance.
10. Analyze the differences in the financial condition and performance of Home Depot vs. Lowe's using the ROE model.