

NIRMA UNIVERSITY
Institute of Commerce
Bachelor of Commerce (Hons.)
[B.Com. (Hons.)]
Semester – VI

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Course Code	CC14
Course Title	Financial Statement Analysis

Course Learning Outcomes (CLO):

At the end of the course, students will be able to:

- Explain major accounting policies, estimates and assumptions and identify their impact on financial statements and information.
- Examine the impact of select transactions on financial reports of the firm.
- Analyze and interpret financial statements from the perspectives of different stakeholders.

Syllabus

Teaching Hours

<p>Unit I: Overview of Financial Statement Analysis</p> <ul style="list-style-type: none"> • Introduction • Basis of Analysis • Reporting Environment • Accounting Analysis: Need, Process, Earnings Management 	6
<p>Unit II: Analyzing Financing Activities and Capital Structure</p> <ul style="list-style-type: none"> • Liabilities • Leases • Post-retirement Benefits • Contingent Liabilities and Commitments • Off-Balancesheet Financing • Shareholders' Equity • Capital Structure Ratios and Determination of Solvency 	8
<p>Unit III: Analyzing Investing Activities</p> <ul style="list-style-type: none"> • Inventory and other Current Assets • Plant and Other Long-term Assets • Intangible Assets • Intercorporate Investments 	10
<p>Unit IV: Analyzing Operating Activities</p> <ul style="list-style-type: none"> • Income Measurement • Non-recurring Items • Revenue and Gain Recognition • Deferred Charges • Interest Costs • Income Tax 	10

Unit V: Analyzing Profitability and Cash flows <ul style="list-style-type: none"> • Return on Net Operating Assets • Return on Common Equity • Cash Flows: Implications, Cash Flow as Validator, Free Cash Flow • Specialized Cash Flow Ratios • Assessment of Liquidity Position 	10
Unit VI: Equity Analysis and Valuation <ul style="list-style-type: none"> • Earnings Persistence • Approaches to Equity Valuations • Economic Value Added and Market Value Added 	8
Unit VII: Quality of Financial Reporting <ul style="list-style-type: none"> • Earnings Management • Introduction to Forensic Accounting and Auditing • Case Studies on Quality Aspects 	8

Suggested Readings:

Subramanyam and Wild, *Financial Statement Analysis*, TMH, New Delhi

M.S. Narasimhan, *Financial Statements and Analysis*, Cengage Learning, New Delhi

Stephen H. Penman, *Financial Statement Analysis and Security Valuation*, McGraw Hill, New Delhi

Martin S. Fridson and Fernando Alvarez, *Financial Statement Analysis Workbook: A Practitioner's Guide*, Wiley Finance Book 599, Kindle Edition

w.e.f. Academic Year 2018-19 and onwards