

NIRMA UNIVERSITY

Institute:	Institute of Commerce
Name of Programme:	B. Com (Hons.)
Course Code:	4CC101CC25
Course Title:	Financial Statement Analysis
Course Type:	Core Course
Year of introduction:	2025-26

L	T	Practical component				C
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Course Learning Outcomes (CLOs):

After successful completion of this course, the students will be able to:

1	Define the broader framework of business analysis and reporting, and its significance in strategic decision-making.	BL 1
2	Explain the principle accounting policies, estimates, and assumptions, and assess their impact on financial statements and disclosures.	BL2
3	Apply the techniques and procedures for financial analysis.	BL 4
4	Examine accounting measurement and reporting frameworks to ensure accuracy and compliance in financial statements.	BL4
5	Analyze financial statements from multiple stakeholder perspectives.	BL4

Content

Teaching Hours

Unit I: Overview of Financial Statement Analysis

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- Nature and Purpose of Financial Accounting and Reporting
- Basis of Analysis and its Relevance to Business Decision
- Reporting Environment
- Accounting Analysis and Valuations

Unit II: Analyzing Financing Activities and Capital Structure

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- Debt- Financing
- Contingent Liabilities and Commitments
- Off-Balance sheet Financing
- Shareholders' Equity
- Capital Structure Ratios and Determination of Solvency

Unit III: Analyzing Investing Activities

7

- Inventory and other Current Assets
- Plant, Property & Equipment
- Intangible Assets
- Intercorporate Investments

Unit IV: Analyzing Operating Activities

7

- Revenue Recognition
- Income Measurement
- Interest Costs
- Income Taxes
- Deferred Charges
- Nonrecurring Items

Unit V: Analyzing Profitability and Cash flows

7

- 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

Suggested Readings:

1. Fridson, M. S. & Alvarez, F. (2022). *Financial statement analysis: a practitioner's guide*. John Wiley & Sons., New Delhi.
2. Narasimhan, M. (2023). *Financial Statements and Analysis*, Cengage Learning, New Delhi.
3. Penman, S. H. (2017). *Financial Statement Analysis and Security Valuation*. McGraw Hill, New Delhi.
4. Rao, M. P. (2010). *Financial statement analysis and reporting*. PHI Learning, New Delhi.
5. Wild, S. (2021). *Financial Statement Analysis*. McGraw Hill, New Delhi.

w.e.f. Academic Year 2025-26 and onwards