

Postgraduate Diploma in Business Finance & Strategy – 2016/2017

Semester 1: Financial Statements Analysis [FSA] – Course Outline

Course duration : **From:** October 2016 **To:** February 2017

Session schedule : Weekday - Thursday 5.45 p.m./Weekend – Sunday 8.00 a.m.

Lecturer : M B G Wimalarathna [FCA/FCMA/MCIM/FMAAT/MCPM/ICAEW(finalist)(MBA- PIM/USJ)]

1. Introduction to the course

Why do we need analysis of financial statements? Obviously, in order to have better understanding on the financial performance and financial position of a particular entity/organization at a given time/period. Do we really need? Yes. Most of the stakeholders are not in a position to understand the health (financial soundness) of the organization by simply perusing financial statements since it mostly contains absolute/rough figures/numbers with more financial/technical terms and jargons.

Financial statements analysis is a mechanical process which essentially undertakes in depth observation/analysis of financial/non-financial information of the organization in order to ascertain the financial performance/position.

2. Course/Module Aims

This module aims to impart knowledge, competencies and skills relating to the application of basic financial statements analysis techniques to analyze financial and economic underpinnings of a business and ascertain the health of the business in short and long term aspects.

3. Intended Learning Outcomes of the Module

By the end of this module, a student/participant should be able to do the following.

knowledge

1. Understand the role of financial statements in undertaking financial analysis of certain business
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- Articulate how and why different accounting approaches produce different accounting and financial analysis
2. Interpret financial numbers in financial analysis and explore economic reality embedded in financial reports
 4. Debate the implication of changing accounting policies for financial statements analysis

Competencies

1. Use financial statements to generate both accounting and financial analysis
2. Relate financial statements analysis competencies case scenarios

Skills

1. Lead any management related discussion based on financial statements analysis data/information
2. Prepare suitable basic management reports using financial statements analysis skills

4. Course Delivery and Methodology

The course will be entirely conducted through interactive sessions and theoretical/practical exercises in the class room. Participants are required to carefully study the course materials and other relevant sources of reading materials recommended by the lecturer.

5. Course Content & Key Activities

Chapter	Topic	Learning Outcome	Key Activity	Mandatory Reading(s)
01	Introduction to the course.	Gain knowledge in phenomena of financial statements analysis and its importance.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /Core Text
02	Regulatory framework for preparation and presentation of financial statements.	Understand the rules/regulation surrounded by overall accounting profession as a whole.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /Companies act/LKAS/ SEC rules
03	Accounting policies and their importance.	Understand the importance of accounting policies especially in the event of analyzing financial statements.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /LKASs
04	Principles in accounting and accounting standards.	Identify key principles in accounting including basis of preparation of financial statements.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /LKASs

05	Separate and group financial statements and its importance.	Gain knowledge in separate and group financial statements and effectiveness/complexities involved in analysis task.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /LKASs
06	Trend Analysis	Gain knowledge on how to conduct trend analysis and use in the business.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /Core Text
07	Vertical Analysis	Gain knowledge on how to conduct vertical analysis and use in the business.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /Core Text
08	Horizontal Analysis	Gain knowledge on how to conduct horizontal analysis and use in the business.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /Core Text
09	Profitability Analysis	Gain knowledge on how to conduct profitability analysis and measure the financial performance.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /Core Text
10	Efficiency Analysis	Gain knowledge on how to conduct the analysis and measure the effective utilize of the assets.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /Core Text
11	Liquidity Analysis	Gain knowledge on how to conduct the analysis and ascertain the short term going concern.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /Core Text
12	Gearing Analysis	Gain knowledge on how to conduct the analysis and ascertain the long term going concern.	A presentation of the lecturer (Ppt) and discuss practical examples.	Course materials /Core Text

Core text: K. R. Subramanyam and John Wild (2015) Financial Statement Analysis, McGraw-Hill Education

6. Scheme of evaluation

Group Assignment - 40 marks

Final examination - 60 marks