Liverpool John Moores University

Title: INTERPRETING FINANCIAL STATEMENTS
Status: Definitive
Code: **7010BUSAE**   (100191)
Version Start Date: 01-08-2017

Owning School/Faculty: Academic Portfolio
Teaching School/Faculty: Academic Portfolio

Team	Leader
Karl Harper	Y

Academic Level:	FHEQ7	**Credit Value:**	15	**Total Delivered Hours:**	38
Total Learning Hours:	150	**Private Study:**	112		

Delivery Options
Course typically offered: Semester 2

Component	Contact Hours
Lecture	12
Seminar	12
Tutorial	12

Grading Basis: 40 %

Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Exam	AS1	Exam	67	2
Report	AS2	1 assignment (includes a group presentation)	33	

Aims

To provide a theoretical foundation for the analysis of companies published financial statements.

Learning Outcomes

After completing the module the student should be able to:

1.   Analyse and evaluate published financial statements and make recommendations for action.
2.   Critically evaluate both cross-sectional and time-series techniques as methods of analysis.
3.   Analyse and evaluate financial information in the context of economy wide and industry specific influences.
4.   Apply ratio analysis to bond ratings and bond yields, financial distress models and credit decisions.
5.   Critically evaluate the growing use of quantitative models for analyzing financial statements with reference to models currently used within the financial services sector.

Learning Outcomes of Assessments

The assessment item list is assessed via the learning outcomes listed:

EXAM	1	2	3	4	5
Report	1	2	3	4	5

Outline Syllabus

1. The contents of the Balance Sheet, Income Statement and Cash Flow statement.
2. Analyse financial ratios with reference to industry norms. Consider evidence of and reasons for differences in industry norms.
3. Consider the time series properties of financial ratios and identifying the most appropriate time series tools.
4. Examine the influence of economy wide factors and industry specific factors in accounting numbers. Evaluate the usefulness of index models in financial statement analysis.
5. Review the evidence on the distributional properties of published financial ratios and investigate the correlation of financial ratios.
6. Apply financial ratios to bond rating decisions and consider how bond yields and financial ratios are related.
7. Evaluation of univariate and multivariate models for the prediction of financial distress.
8. Consider the usefulness of financial ratios within credit scoring models.

Learning Activities

The module will consist of standard lectures, seminars and tutorials.

Notes

The module provides a theoretical foundation for the analysis of companies published financial statements, and provides opportunities for practical analysis of company accounts.

The coursework is a group report and oral presentation on a particular area of the syllabus. It provides an opportunity for formative feedback.

The examination will be theory and knowledge based but will also require the practical application of the skills developed through the module. The examination is the terminal summative assessment.