

Liverpool John Moores University

Title: FINANCIAL STATEMENT ANALYSIS
Status: Definitive
Code: **7523AE** (107296)
Version Start Date: 01-08-2011

Owning School/Faculty: Liverpool Business School
Teaching School/Faculty: Isle of Man International Business School

Team	Leader
Alex Watt	Y

Academic Level: FHEQ7
Credit Value: 15.00
Total Delivered Hours: 38.00
Total Learning Hours: 150
Private Study: 112

Delivery Options

Course typically offered: Runs Twice - S1 & S2

Component	Contact Hours
Lecture	24.000
Tutorial	12.000

Grading Basis: 40 %

Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Exam	AS1	Exam	67.0	2.00
Essay	AS2	1 assignment.	33.0	

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 Interpret the contents of published financial statements;
- 2 Analyse financial statements using both cross-sectional and time-series analysis;
- 3 Evaluate financial information in the context of economy wide and industry specific influences;
- 4 Appreciate the probability distributions of ratios, time-series and cross-sectional correlations;
- 5 Apply ratio analysis to bond ratings and bond yields, financial distress models and credit decisions.

Learning Outcomes of Assessments

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

EXAM	1	3	4
ESSAY	2	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 on 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.

References

Course Material	Book
Author	White, G I, Sondhi, A C and Fried, D
Publishing Year	1997
Title	The Analysis and Use of Financial Statements
Subtitle	

Edition	
Publisher	Wiley 0471111864
ISBN	

Course Material	Book
Author	Foster, G
Publishing Year	1986
Title	Financial Statement Analysis
Subtitle	
Edition	
Publisher	Prentice Hall 0-13-316317-2
ISBN	

Course Material	Book
Author	Investors Chronicle
Publishing Year	0
Title	
Subtitle	
Edition	
Publisher	
ISBN	

Course Material	Book
Author	Financial Analysts Journal
Publishing Year	0
Title	
Subtitle	
Edition	
Publisher	
ISBN	

Course Material	Book
Author	Applied Financial Economics
Publishing Year	0
Title	
Subtitle	
Edition	
Publisher	
ISBN	

Course Material	Book
Author	Journal of Applied Corporate Finance
Publishing Year	0
Title	
Subtitle	
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