

N: TEXTBOOKS AND MATERIALS TO BE PURCHASED BY STUDENTS

1. White, G.I., Ashwinpaul, C.S., and Fried, D. The Analysis and Use of Financial Statements, latest ed. Toronto: John Wiley & Sons Canada Ltd. (required)
2. Krishna, G.P., Bernard, V.L., and Heady, P.M. Business Analysis and Valuation, latest ed. New York: SouthWestern College Publishing. (optional)
3. Helfert, E.A. Techniques of Financial Analysis, latest ed. Toronto: Irwin Publishing. (optional)
4. Students are required to have a financial business calculator.

O: COURSE OBJECTIVES

The student will be able to:

1. apply all the financial analysis skills to actual and simulated financial statements;
2. analyze corporate, divisional and consolidated financial and operating pro formas and be able to compare like companies by using ratio analysis;
3. extend, revise, reformat corporate financial reports;
4. present financial findings in a management report (verbal and written).

P: COURSE CONTENT

1. Financial analysis and forecasting
 - properties of financial statements
 - cash flow and ratio analysis
 - credit analysis
 - GAAP-FASB rules of corporate disclosure
 - revenue recognition, financial risk assessment
 - financial profitability, financial position
 - annual report disclosure
2. Capital and operating leases
 - sales and direct financing leases
 - wrap-around leases
 - lease accounting and disclosure requirements

3. Prospective analysis — earnings valuation
 - price-earnings analysis
 - earnings-based valuation models
 - mergers and acquisitions
 - accounting and business valuations
4. Credit analysis and financial distress
 - corporate financial policies
 - equity security analysis

Upon introduction of theory, students will be exposed to practical financial applications, and case studies. Where appropriate, EXCEL-based templates will be used as part of the application component and Canadian corporations with international operations will be used to exemplify theory. Upon completion of each case, students, in groups, will be required to prepare a management report focusing on:

- identification of the most important problem described in the case;
- complete financial and business analysis of quantitative reports, financial statements;
- an evaluation of the various alternatives;
- a recommended course of action with “predicted/forecasted” financial data, based on the recommended course of action.

Q: METHOD OF INSTRUCTION

Material will be presented within a lecture format.

R: COURSE EVALUATION

Minimum of 3 evaluations, none of which will exceed 40%, for a total of 100%.

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