

3. Financial Statement Analysis

Objectives :

This subject seeks to describe and explain the properties of financial statement numbers, the key aspects of decisions that use financial statement information, and the features of the environment in which these decisions are made.

Synopsis :

- Understand the demand and supply forces of corporate financial disclosure
- Apply analytical techniques such as common-sized statements and ratio analysis
- Consider accounting method choice on accounting numbers
- Undertake co-relational and cross-sectional analysis of Financial Statements
- Consider the impact of times series properties of financial statement numbers.

Contents :

1. The Demand for Financial Statement Information
2. The Supply of Financial Statement Information
3. Basic Techniques in Financial Statement Analysis
4. Financial Statement Numbers: Empirical and Methodological Issues
5. The Impact of Accounting Policy Alternatives on Financial Statement Analysis
6. Cross-sectional Analysis of Financial Statement Information
7. Time-Series Models and the Analysis of Financial Statement Information
8. Capital Markets and Corporate Disclosure
9. Corporate Distress Analysis
10. Corporate Distress Analysis: Multivariate Analysis
12. Debt Ratings, Lending Decisions and Corporate Financial Statements
13. Valuation and Forecasting

Assessment :	Final examination	60%		Assignment	40%
Pass Marks :	Final marks	50%	AND	Examination only	50%
Learning Time :	Face to face teaching	:		60 hours	
	Self Study	:		60 hours	
	Assignments	:		15 hours	
	Examination Preparation	:		15 hours	
				150 hours	

Additional References:

Arthur Andersen, AA Limited Annual and Half-Year Financial Statements,1998

ASCPA/ICA, Accounting Handbook, (latest edition)

Company Annual Reports - various (use - Web resources)

Deloitte Touche Tohmatsu, Summary of Australian Accounting Requirements (10th edition),1998

Foster, G., Financial Statement Analysis (2nd edition),Prentice Hall, 1986

Stickney, C. P.,Financial Reporting and Statement Analysis: A Strategic Perspective, (3 edition), Dryden Press, 1996

Henderson, S. M. & G. Peirson, Issues in Financial Accounting, (8th edition),Longman, 1998

Selected Journal Articles from Academic and Professional Journals Last Revised:
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