



Course Description

BAN2211 | Applied Financial Statement Analysis | 3.00 credits

This course provides a comprehensive analysis of business strategy, operating performance, financial condition and cash flow strength. The student will learn basic and advanced financial concepts impacting the viability of a business, including accounting rules, methods of credit analysis, assessment of financial ratios, historical financial analysis, cash flow and financial forecasting. Pre-requisite: BAN2210.

Course Competencies:

Competency 1: The student will learn to apply the concepts regarding financial analysis by:

1. Identifying critical information from financial statements within various business contexts
2. Analyzing the quality of financial statements and the importance of footnotes as a complement to a financial assessment
3. Evaluating historical business strategy, its progression, and impact on historical and future financial results
4. Discussing objectives of financial reporting, including qualitative and ethical characteristics of financial information
5. Applying the concepts of financial statement spreading via practical exercises through manual completion or with the utilization of emerging technology software
6. Explaining the basic and advanced concepts associated with asset valuation in balance sheet analysis
7. Performing horizontal and vertical analysis for companies within the same industry
8. Reviewing basic and advanced accounting concepts

Competency 2: The student will be able to perform a risk-based approach to the financial performance of a business by:

1. Reviewing the overall economic operating environment, including the determination of industry trends
2. Establishing performance benchmarks via the completion of ratio analysis and comparison of companies operating within the same industry
3. Identifying the unique characteristics associated with different legal/corporate structures and the impact on financial reporting
4. Explaining the distinctions between different business strategies based on market conditions

Competency 3: The student will learn to develop analytical insight, interpreting each of the components in a financial statement by:

1. Identifying the essential components of an income statement
2. Executing the spreading and standard sizing of the income statement and the balance sheet
3. Differentiating the types of costs/expenses impacting income statement results
4. Identifying the purpose of the statements of sources and uses of cash
5. Discussing the three main activities associated with cash flow analysis: operating, investing, and financing
6. Describing the significant accounts on the balance sheet
7. Explaining the concept, application, and criteria associated with the analysis of financial ratios
8. Analyzing historical financial performance through the review of the three main criteria: liquidity, solvency, and asset efficiency

Competency 4: The student will learn to explain how the results of financial statement analysis provide a framework in which lending decisions are made by:

1. Describing and understanding the fundamentals of secured lending
2. Identifying the primary sources of repayment in a credit facility

3. Explaining the limitations of financial statement analysis in predicting future financial performance and in making credit decisions

Learning Outcomes:

- Use quantitative analytical skills to evaluate and process numerical data
- Solve problems using critical and creative thinking and scientific reasoning
- Formulate strategies to locate, evaluate, and apply information
- Demonstrate knowledge of ethical thinking and its application to issues in society