

Kuwait University
College of Business Administration
Department of Accounting

Financial Statement Analysis
ACC 1020450
Fall 2021/2022

Prerequisite [ACC 111 & FIN 220] &
passing at least 60 units

Instructor: Mohammad AlMarzouq,
Ph.D **Office Hrs:** TBA.

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Required Materials:

Text: "Financial Reporting & Analysis: Using Financial Accounting Information,"
13th edition by Charles H. Gibson

Course Description: "The main objective of this course is to present financial analysis concepts and techniques usually employed by external users of the financial statements. Special emphasize will be on how the primary users (equity owners and creditors) use and analyze financial statement information to improve decisions Making. The course will include a comprehensive coverage of analytical tools, their limitations, and how they apply in assessing firm's profitability, liquidity position, Risk and long-term solvency, and overall firm performance. To emphasize the user oriented approach, analytical techniques will be applied to the financial statement of actual companies, locally and internationally."

Examinations: During this semester two exams and one final will be given. All exams consist of multiple-choice and/or essay questions.

Term Project: Groups of 4 to 5 students will be formed in the beginning of the semester. Each group will be assigned a KSE (Kuwait Stock Exchange) industry. Each member of each group will do the following:

- a. select a firm that competes within the respective industry,
- b. perform an analysis of his/her firm, and
- c. perform a concurrent analysis of how well his/her firm competes within the industry.
- d. perform a 20 to 30 minutes of class presentation.

Participation: It is very essential to participate in class. I expect every student to take part in participation when I ask questions. I will call upon your name or ask for volunteers.

Other Class Policies:

a. *Attending & Preparing*: Students are expected to come to class having covered text material assigned for that day. Attending class and completing assigned material on time are critical to avoid falling behind. Although it is not of the grading system, attendance is very important in this class. Attendance will be recorded and reflected in your final grade as a bonus. An "**FA**" grade will be assigned to students with an absence more than 6 times.

b. *Cell Phone*. Cell phones should be silent during class time and exams.

c. *Academic Irregularities*. Honesty is a fundamental principle of academic, business, and community life. Violation of this ethical concept will result in penalties ranging from a grade of "F" in the course to dismissal from the university. In all penalties, a letter of fact will be included in the student's file.

d. *Students with Disabilities*. Students who require special accommodation due to a disability should review the university's policy and work with the office for students with disabilities.

e. *Missing Exams*. Make-up exams will not be given under any circumstances. If you have a valid excuse for missing any exam, (e.g., family emergency, medical emergency, class conflicts, university-scheduled events, or religious observation), you must take the comprehensive final.

f. *Class Withdrawals*. Students who choose to drop this class are responsible for completing all required documents. Deadlines for withdrawal can be found on the academic calendar on the university web page.

g. *Incompletes*. Except for extraordinary circumstances (e.g., family emergency, medical emergency, class conflicts, university-scheduled events, or religious observance), incompletes are not given in this course. It is up to the instructor to decide if an incomplete is appropriate. Please be advised that an incomplete will not be given unless the student is passing the course with a C or better at the time the incomplete is requested.

h. *Electronic Communication*. Each student must have a KU or CBA email account or other email accounts (e.g., hotmail, yahoo, gmail...etc.). The best way to reach me is by email. If you email me please place 'ACG450' in the subject line. Besides KU and CBA email communication, Microsoft Teams, and MyU (@malmarzouqcba) will be used in this course for content delivery. Accordingly, students are responsible for checking the blackboard site, MyU and their KU/CBA email accounts for announcements. Students must insure that that their correct email address is used for blackboard.

i. *Religious Holidays*. Students who have conflicts due to religious observation must notify the professor so that accommodations can be arranged.

j. *Points Awarded.* Students should monitor the points awarded to-date in blackboard. To contest the number of points awarded, students have up to two weeks following the date of posting the points, after which the points are considered final.

k. All project assignments must be submitted in person during class time. Each assignment must be completed on an individual basis, unless otherwise indicated. Your documentation must be typed, neat, legible, labeled, organized, and complete. If any one of these criteria is not met, points will be deducted. Multi-page documentations must be stapled.

Grading Policy

| <u>EXAM</u> | <u>PERCENT</u> |
|---------------|--------------------|
| Exams | 50 |
| Term Project: | 50 |
| Total | <u>100 percent</u> |

Your final grade is based on your total weighted average. The following grading system will be used:

| | | | |
|----|----------|----|----------|
| A | 93-100 | C | 70-75.99 |
| A- | 89-92.99 | C- | 66-69.99 |
| B+ | 86-88.99 | D+ | 61-65.99 |
| B | 82-85.99 | D | 57-60.99 |
| B- | 79-81.99 | F | < 57 |
| C+ | 76-78.99 | | |

Course Outlines

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| Ch.1 | Introduction to Financial Reporting |
| Ch.2 | Introduction to Financial Statements |
| Ch.3 | Balance Sheet |
| Ch.4 | Income Statement |
| Ch.5 | Basics of Analysis |
| Ch.6 | Liquidity of Short-Term Assets |
| Ch.7 | Long-Term Debt-Paying Ability |
| Ch.8 | Profitability |
| Ch.9 | For the Investor |
| Ch.10 | Statement of Cash Flow |
| Ch.11 | Expanded Analysis |
| Ch.12 | Special Industries |