**Course Syllabus**

**Spring - 2020/2021**

**<Aly M Hewaidy>**

**<1020 - 571- Advanced Financial Statement Analysis & Valuation>**

**Lecture Time and Location:**

**Accounting Department - 17:00 – 20:00pm – each Sunday**

**Contact Information:**

**Location : Accounting Dept., 4th floor-Office No. 1036**

**Email : ali.hewaidy@ku.edu.kw**

**Office : 24988518**

**Acc Dept. : 24988501**

**Office Hours : Sunday: 16:30pm-17:00pm, and any other time by appointment**

**Social Media : Microsoft Teams**

**COURSE DESCERIPTION**

This course is a study of the tools and techniques necessary to draw inference from financial statements and related data about business performance and the value of the business. Topics include business strategy analysis, accounting analysis, financial analysis, and prospective (forecasting and valuation) analysis. The course integrates materials covered in other accounting, finance, economics and strategic management courses.

**Course Learning Objectives (CLOs)**

**Upon successful completion of the course, students will be able to:**

**CLO1.** Articulate the concept of accounting analysis and financial analysis, and the financial statements analysis techniques.

**CLO2.** Understand the impact of alternative accounting policies on financial statements numbers and evaluate the extent to which accounting numbers reflect economic reality.

**CLO3.** Acquire a deeper and more critical appreciation of the major components of financial statement analysis, namely analysing investing activities, operating activities, cash flow analysis, profitability analysis, and credit analysis.

**CLO4.** Apply the financial analysis tools on a sample of Kuwaiti listed companies, and prepare and present the results founded.

***CLO Mapping to CBA Skill Based Competency Goals[[1]](#footnote-1)***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***CLO*** | ***Competency Goal*** | | | | |
| ***Decision-Making*** | ***Ethical Reasoning*** | ***Communication*** |  |
| ***1*** |  | ***I*** |  |  |
| ***2*** |  | ***A*** |  |  |
| ***3*** | ***I*** |  |  |  |
| ***4*** |  |  | ***R*** |  |

***Type of Emphases:***

* ***(I)ntroduce: Students will be introduced to the skill and their grasp of it assessed in the course.***
* ***(A)pply: The course will not cover the skill. Students should have a high-level grasp of the skill and are required to apply it in the course.***
* ***(R)einforce: Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.***

**Required Material**

1. K.R. Subramanyam, Financial Statement Analysis, 11th Edition McGraw-Hill, 2014:

**Additional Readings**

1. S. H. Penman (SP), Financial Statement Analysis and Security Valuation, 5th Edition McGraw-Hill, 2013.
2. T. R. Robinson et al (TR), International Financial Statement Analysis, 2nd Edition, John Wiley & Son, Inc.

**Articles:** Relevant articles will be assigned and distributed during classes

**Course Requirements and Policies:**

**Individual Assignments:** There are total 3 individual assignments. These individual assignments need to be submitted through **Microsoft teams** on the due days. Late submission is accepted within 2 days after the due time with a **20% loss of points**.

**In-Class Tests:** There are total 2 in-class tests (Midterm & Quiz). These tests are scheduled on the due dates of the respective assignments.

**Attendance and Participation:**

Every student in this course must abide by the Kuwait University Policy on Attendance (published in the Student Guide, Chapter 3, Section 13). A copy of the student guide can be accessed online on:

<http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

This course has a significant seminar component and class participation is critical to the learning experience. Participation will be assessed in each class period. Your class participation and attendance will both contribute to your score of in-class performance.

**Cheating and Plagiarism:**

Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3, Section 2). A copy of the student guide can be accessed online on: <http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable. If you have any questions about what constitutes “unauthorized assistance” please email me before the deliverable is submitted.

**Writing Style:** Students must refer to APA writing style for their assignments and report writing. Refer to the English Language Center for help.

**Grading:**

The scores in this course will be the weighted average of the following items:

|  |  |
| --- | --- |
| **Weight** | **Description** |
| 35% | midterm exam, 8th of May, 2022 |
| 30% | Quizzes, Assignments, Class participations and Research paper |
| 35% | Final exam, Sunday, on the first week of the exam period. (5th of June, 2022) |
| 100% | TOTAL |

**Grade Distribution:**

|  |  |
| --- | --- |
| **Grade** | **Range** |
| A | ≥ 95 |
| A- | ≥ 90 and < 95 |
| B+ | ≥ 87 and < 90 |
| B | ≥ 83 and < 87 |
| B- | ≥ 80 and < 83 |
| C+ | ≥ 77 and < 80 |
| C | ≥ 73 and < 77 |
| C- | ≥ 70 and < 73 |
| D+ | ≥ 65 and < 70 |
| D | ≥ 60 and < 65 |
| F | < 60 |

**Course Outline**

|  |  |  |
| --- | --- | --- |
|  | **Topics** | **Weeks** |
| Over View of Financial Statement Analysis | Identify and discuss different types of business analysis. Describe component analysis that constitute business analysis. Explain business activities and their relation to financial statements. Identify the relevant analysis information beyond financial statements. Analyze and interpret financial statements as a preview to more detailed analyses. Apply several basic financial statement analysis techniques. | Week 1-2 |
| Financial Reporting & Analysis | Reporting Environment. Nature & Purpose of Financial Accounting. Concept of Income & Accruals, Accounting Analysis & Earnings Management. Cases on Earnings Management | Week 3-4 |
| Analysis of Investing Activities | Analyze financial reporting for intercorporate investments. Describe derivative securities and their implications for analysis. Analyze the fair value option for financial assets and liabilities. | Week 5-6 |
| Analysis of Investing Activities – extension | Explain consolidation of foreign subsidiaries and foreign currency translation (Appendix 5A). Describe investment return analysis (Appendix 5B) | Week 6-7 |
|  | Midterm Exam | Week 8 |
| Analysis of Operating Activities | Income Measurement. Alternative Income Classifications & Measures. Nonrecurring Items. Revenue Recognition. Analysis Implications of Revenue Recognition | Week 9-10 |
| Cash Flow Analysis | Statement of cash Flows. Analysis Implications of Cash Flows. Specialized Cash Flow Ratios | Week 10-11 |
| Profitability Analysis | Return on Invested Capital. Components of Return on Invested Capital ROA & ROE. Different Approaches in Measurement, Dupont & Disaggregation of ROA & ROE, Effect of Financing and Operating Activities on ROA & ROE, Analyzing Return on Net Operating Assets, and Analyzing Return on Common Equity | Week 12-13 |
| Credit Analysis | Explain the importance of liquidity, and interpret ratios of measuring of liquidity and their components. Illustrate what-if analysis for evaluating changes in company conditions and policies. Describe capital structure and its relation to solvency. Explain financial leverage and its implications for company performance and analysis. | Week 13-14 |

**Important Dates**

|  |  |
| --- | --- |
| Date | Event |
| 14/4/2022 | Last day to drop a course |
| 08/5/2022 | Midterm exam |
| 29/5/2022 | Last day of classes |
| 05/6/2022 | Final Exam (5:00pm) |

**Master of Accounting Program Competency Goals:**

**Accounting Knowledge:**Our students will be proficient in both conceptual and technical accounting knowledge.   
**Student Learning Objectives:**

1.1. Apply advanced principles of financial accounting theory.

1.2. Analyze corporate financial statements.

1. **Decision-Making Skills:**Our students will demonstrate advanced data-driven decision-making skills and supported by advanced analytical skills.

**Student Learning Objectives:**

2.1. Apply advanced quantitative and qualitative methods to solve business problems.

2.2. Recognize the implications of business decisions, evaluate different proposals based on available facts, and make well-supported business decisions.

1. **Ethical Reasoning Skills:** Our students will be ethically conscious business leaders.

**Student Learning Objectives:**

3.1. Evaluate business decisions within an ethical framework.

1. **Communication Skills:**Our students will demonstrate advanced communication skills in a variety of business settings.

**Student Learning Objectives:**

5.1. Deliver clear, concise, and persuasive presentations.

5.2 Write clear, concise, and persuasive business documents.

1. CBA Competency Goals can be found at the end of this document [↑](#footnote-ref-1)