

## ACC 259: Analysis of Financial Statements

This course examines accounting as a device for evaluating past and current business activity. It emphasizes common analytical measures such as vertical analysis, common-size statements, ratio analysis, working capital flows, and cash flows. Other topics include proforma statements, operational and cash budgets, capital budgeting, and stock market fundamentals. Throughout the semester, students apply the fundamentals of each lesson to the financial statements of a real-life company of their choice. Prerequisite: ACC 102 with a grade of C or better or permission of department chair. Recommended: MAN 101 and MAR 101. Three lecture hours per week.

### Course Student Learning Outcomes

By the end of the class you will: 1. Analyze financial statements using knowledge of the underlying accounting principles, and financial analysis techniques. 2. Recognize the impact of operating, investing, and financing decisions on financial statements and how financial analysts interpret results. 3. Identify SEC rules affecting financial reporting and disclosure. 4. Demonstrate the ability to prepare prospective financial information. 5. Become familiar with the organization and disclosure of information reported in 10-K filings and the notes to the financial statements. You will have a detailed understanding of assets and liabilities reported on the balance sheet. 6. Be proficient at calculating and interpreting financial ratios. You will understand how to use ratios to compare a firm to its competitors and to evaluate changes in ratios over time and know how to use these ratios to help forecast the future. 7. Understand major valuation models. You will learn a unified framework for evaluation and be comfortable moving between discounted cash flow models, residual income models, and models based on market multiples such as the price-earnings ratio and the market-to-book ratio.

**Credits:** 3

**Program:** Accounting

**Recommended:**

MAN 101 and MAR 101.