

SEMINAR OVERVIEW

FINANCIAL STATEMENT ANALYSIS

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This seminar teaches participants to master corporate financial analysis from the viewpoint of the user of corporate financial statements.

The Financial Statement Analysis seminar builds upon the prerequisite understanding of *Financial Statement Reporting* (Financial Accounting) and develops the ability to perform an analysis of a company's financial information that is useful for decision making.

Considerable attention is given to developing an ability to distinguish (i) between profits and cash flows and (ii) between book amounts and market values is developed.

Attention is given to developing an intellectual inquisitiveness combined with judgment about the importance of issues identified by analysis.

The financial statement analysis techniques developed are used for various decisions including assessing a company's financing needs and the reliability of projections of future cash flows.

SESSION 1

1 Introduction to Financial Statement Analysis [FSA]

We begin FSA by teaching a six step process for the analysis of profits, liquidity and solvency:

- Profits
 1. Profitability
- Liquidity
 2. Balance Sheet Management
 3. Cash Flow Analysis
 4. Liquidity
- Solvency
 5. Capital Structure
 6. Long-Term Solvency

In addition, the non-financial characteristics of analysis are taught.

2 Profitability Analysis

The analysts are taught to prepare adjusted income statements in order to facilitate the analysis by:

- REFORMATTING and/or
- RECLASSIFICATION

Once, the income statement is properly formatted and classified, analysis of profits can be accomplished by analyzing peers, segments and trends.

Profitability Analysis is introduced and practiced with case work.

3 Balance Sheet Management, Cash Flow, and Liquidity Analytics

The measurement of a firm's liquidity entails four techniques:

- Dynamic
- Static
- Access to Credit
- Seasonality

These four areas of analysis are introduced and practiced with case work.

4 Solvency Analysis/Capital Structure Analytics

The analysis of a firm's capital structure and analysis of long term solvency entails four techniques:

- Financing Choices on the Balance Sheet
- Earnings Relative to the Financing Choices
- Off-Balance Sheet Financing
- Rating Agencies view of long term solvency

These four areas of analysis are introduced and practiced with case work.

Techniques for an analysis of a firm's debt rating are practiced.