

CUYAMACA COLLEGE
COURSE OUTLINE OF RECORD

Business 162 – Analysis of Financial Statements

3 hours lecture, 3 units

Catalog Description

This course covers the characteristics and analysis of financial statements. Students will learn how to apply ratios to financial statements and interpret their outcomes in order to draw various inferences and/or conclusions from their results.

Prerequisite

“C” grade or higher or “Pass” in BUS 120 or equivalent

Entrance Skills

Without the following skills, competencies and/or knowledge, students entering this course will be highly unlikely to succeed:

- 1) Rules and procedures related to accrual-based accounting including appropriate terms and definitions.
- 2) Knowledge and understanding of three main financial statements: the balance sheet, statement of income, and statement of retained earnings.
- 3) Knowledge and related calculations in areas of cash, receivables, inventories, plant assets, liabilities, and owners’ equity.

Course Content

- 1) Meaning and scope of financial statement analysis
- 2) Review of financial statements
- 3) Overview of various methods of analysis
- 4) Understand the process of financial ratio analysis
- 5) Balance sheet analysis
- 6) Income statement analysis
- 7) Analysis of the statement of cash flows
- 8) Applying ratio analysis to consolidated financial statements
- 9) Interpreting overall results of ratio analysis
- 10) Communicating results of financial statement analysis
- 11) Application of ratio analysis to case studies

Course Objectives

Students will be able to:

- 1) Define financial analysis and employ various methods and approaches to the analysis of a set of financial statements.
- 2) Calculate a specific set of financial ratios that can be used as a component in the analysis of financial statements.
- 3) Demonstrate the use and application of financial ratios to the review and interpretation of a set of financial data as reported by the company.
- 4) Formulate an opinion as to the outcome of financial analysis, and evaluate or draw inferences and/or conclusions from the analysis of financial statements.
- 5) Prepare written and verbal reports and demonstrate proficiency in the communication of the findings of financial analysis.

Method of Evaluation

A grading system will be established by the instructor and implemented uniformly. Grades will be based on demonstrated proficiency in subject matter determined by multiple measurements for evaluation, one of which must be essay exams, skills demonstration or, where appropriate, the symbol system.

- 1) Quizzes, exams
- 2) Homework assignments
- 3) Case problems

Special Materials Required of Student

None

Minimum Instructional Facilities

None

Method of Instruction

- 1) Lecture, discussion, question and answer
- 2) Preview/review of assignments
- 3) Assignment of case problems for group discussion

Out-of-Class Assignments

- 1) **Reading:** lecture/reading notes; course materials; textbook chapters; articles; multimedia content.
- 2) **Writing:** short papers, case studies, and spreadsheets that demonstrate students' ability to review financial data and statement analysis.
- 3) **Other:** homework assignments that use mathematical functions introduced in class to calculate ratios and evaluate quantitative problems.

Out-of-Class Assignments

Completion of case studies, spreadsheets and quantitative problems

Texts and References

- 1) Required (representative example): Revsine and Collins, *Financial Reporting and Analysis – 2025 Release*, McGraw-Hill, 2025.
- 2) Supplemental: None

Student Learning Outcomes

Students successfully completing the course will be able to:

- 1) Explain why analysis of financial statement is important.
- 2) Derive inferences and estimates useful in making business decisions.
- 3) Analyze and prepare a financial analysis report.
- 4) Formulate and evaluate an investment portfolio of securities.