WILMINGTON UNIVERSITY
COLLEGE OF BUSINESS
BASIC COURSE INFORMATION

COURSE TITLE: Financial Reporting and Analysis
COURSE NUMBER: FIN 410

I. RATIONALE:

Money is the life blood of any business. How an organization obtains and uses that money is of critical importance to the long term viability of that organization. The financial health of the firm is presented in the four basic financial statements, the proper interpretation of which is critical for investors, creditors and internal management. This course is designed to help those involved in this financial analysis make informed judgements as to the health of the organization and provide guidance for improvement.

II. MAJOR INSTRUCTIONAL GOALS:

GOAL A:
The student will understand the environment in which financial statements are developed and used.

Learning Outcomes: The student will:

A-1 Discuss the economic climate facing the organization and how that climate affects financial considerations.
A-2 Discuss government regulatory issues pertaining to for-profit corporations.
A-3 Research the industry in which a firm operates and relate industry climate to current and projected economic developments.

GOAL B:
The student will gain an understanding of how to analyze financial statements.

Learning Outcomes: The student will:

B-1 Define the basic elements present in a corporation’s annual report to its stockholders.
B-2 Differentiate between the information contained in the 10Q and 10K reports required to be filed with the SEC.
B-3 Explain the importance of GAAP (Generally Accepted Accounting Principles) in the preparation of financial statements.
B-4 Explain the importance of comparisons (internal and external) in the analysis of financial statements.
GOAL C:
Understand how to calculate and interpret financial ratios in order to analyze the financial strength of a firm.

Learning Outcomes: The student will:

C-1 Perform appropriate mathematical calculations.
C-2 Differentiate between the current and quick ratios.
C-3 Discuss the operating efficiency of the firm utilizing: accounts receivable turnover, inventory turnover, fixed and total asset turnover.
C-4 Discuss the firm’s capital structure and long-term solvency through an analysis of various debt ratios and use of financial leverage.
C-5 Analyze the profitability of the firm in terms of its gross, operating and net profit margins.

GOAL D:
Be able to compare a firm’s condition and performance with its competitors.

Learning Outcomes: The student will:

D-1 Develop common-sized income statements and balance sheets for both the firm in question and its major competitor (or industry data, if available) in order to compare and evaluate performance.
D-2 Develop common-sized income statements and balance sheets for the firm in question for a period of 3-5 years to form the basis of internal/trend analysis.

GOAL E:
Gain an understanding of how different business and financial strategies can affect future performance.

Learning Outcomes: The student will:

E-1 Evaluate different management decisions utilizing the DuPont system of analysis.
E-2 Evaluate different management decisions utilizing pro-forma statements.

GOAL F:
Demonstrate the use of computer spreadsheet models in order to perform financial analysis.
Learning Outcomes: The student will:

F-1 Demonstrate and/or explain how the use of Excel can streamline financial analysis procedures.