

B.A. (VS) Insurance Management
Semester VI
DISCIPLINE SPECIFIC ELECTIVE COURSE (DSE- 6.1)

Financial Statement Analysis

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course Title & Code	Total Credits	Lectures	Tutorial	Practical	Eligibility criteria	Pre-requisite of the course
Financial Statement Analysis DSE 6.1	4	3	1	-	Pass in class 12th	-

Learning Objectives: The course aims to familiarize students with the information contained in corporate annual reports. The course will equip students to understand and evaluate financial statements from the perspectives of different stakeholders.

Learning Outcomes: After completion of the course, learners will be able to:

1. identify financial information located in different financial statements which are a part of any corporate annual report.
2. compare the financial changes in any listed Indian company through the vertical or horizontal analysis.
3. appraise the financial performance of any listed Indian company through a financial ratio analysis.
4. judge the effectiveness of cash management of any listed Indian company.

Unit 1: Introduction

16 Hours

Financial statements, uses & limitations, users of accounting information, brief introduction to Indian accounting standards, a brief introduction to the financial information contained in the statement of profit & loss, balance sheet, cash flow statement, board of directors' report, and disclosure of significant accounting policies in the corporate annual reports of listed companies. Financial statements format as per Companies Act, 2013, Content of annual reports, Quality of financial reporting, Reporting regulation in India.

Unit 2: Techniques of financial statements analysis

10 Hours

Comparative and common-size statements: horizontal and vertical analysis, and trend analysis, study from the Annual reports of a few listed Indian companies. Report preparation of financial statement analysis, Types of business combinations, consolidated financial statements, Consolidated financial, statements, Consolidated financial statements. Window dressing, Window dressing, Recent scandals in financial reporting, Recent scandals in financial reporting.

Unit 3: Ratio Analysis

9 Hours

Analysis of liquidity, solvency, profitability, activity and market ratios; Du Pont analysis, ratio analysis from the Annual reports of a few listed Indian companies.

Unit 4: Cash Flow Analysis

10 Hours

Importance and objectives, structure of Cash flow statement (Financing, investing and operating activities), Preparation of Cash Flow statement as per prevailing accounting standard, Cash flow analysis from the Annual reports of a few listed Indian companies.

Exercises:

The learners are required to:

1. download soft copies of corporate annual reports of any listed Indian company & identify relevant financial information
2. differentiate at least two listed Indian companies after preparing their comparative & common size financial statements for three years.
3. appraise the operating efficiency, solvency, profitability and liquidity position of any listed Indian company on the basis of the ratio analysis from its financial statements.
4. appraise the cash management of any listed Indian company using the cash flow statements stated in the corporate annual report.

Suggested Readings:

- Bhattacharyya, Asish K. (2019) Corporate Financial Reporting and Analysis, Second Edition: PHI Learning Pvt. Ltd.
- Dhamija. S. (2020). *Financial Reporting and Analysis. Sultan Chand.* New Delhi.
- Friedson, M. S., & Alvarez, F. (2022). *Financial Statement Analysis: A practioners' Guide.* New Jersey: Wiley.
- Lal, J., & Gauba, S. (2018). *Financial Reporting and Analysis.* Delhi: Himalaya Publishing House.
- Rao, P.M., *Financial Statement Analysis and Reporting.* (2021): PHI Learning Pvt. Ltd.
- Subramanyam, K. R.(2020). *Financial Statement Analysis.* McGraw Hill.
- S. Agnihotri, (2021). *Financial Statement Analysis and Reporting.* A.K. Publications, New Delhi.
- Tulsian, P. C., Tulsian, B., & Tulsian, T. (2022). *Analysis of Financial Statements.* New Delhi/NCR: T com Prints.
- Young S. D, Cohen, J. , Bens, A. D.,(2018) *Corporate Financial Reporting and Analysis: A Global Perspective,* 4th Edition. Wiley.

Notes:

- 1. Suggested readings shall be updated and uploaded on the college website from time to time.**
- 2. Examination scheme and mode shall be prescribed by the Examination branch, University of Delhi from time to time.**