

MCM5401 CORPORATE FINANCIAL STATEMENT ANALYSIS AND REPORTING

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| Course Code | MCM5401 | Semester | IV |
| Course Title | <i>CORPORATE FINANCIAL STATEMENT ANALYSIS AND REPORTING</i> | | |
| Credits | 4 | Type | CORE |

This course shall have 3 lecture hours, 2 practicals, 1 tutorial.

This is a Skill based, employability based, and entrepreneurship skill based course.

Course Objective

To provide understanding on financial statement analysis and enables students to confidently use financial ratios and financial terminology to assess financial performance of Corporates. It examines the financial reporting of companies and how such reporting can be analyzed to evaluate performance.

Learning Objectives

- To explain the objectives and structure of Corporate Financial Reports.
- To comply with the legal framework of Corporate Financial Reporting in India.
- To analyses the business performance and risk of a company based on its financial statements.
- Describe tools and techniques used in financial analysis, including their uses and limitations.

Course Structure

UNIT I:

Introduction: Objectives of corporate financial reports; Structure of external financial reports; Importance of high quality financial reports; Emerging trends in corporate financial reporting- Global Reporting Initiative - Sustainability Reporting – Ethics failures in corporate financial reporting.

UNIT II:

Corporate Financial Reporting in India: Compliance with the provisions of the Companies Act, SEBI Act and Accounting Standards issued by the ICAI (including Ind. AS)- Board Gender diversity and Financial Reporting quality.

UNIT III:

Segment Reporting and Voluntary Disclosures in Annual Reports: Purpose and concept of segment report and regulatory provisions for the same – Professional ethics and financial reporting regulations; Voluntary disclosure in annual reports; factors influencing voluntary disclosures; Trends in voluntary disclosures Case studies in corporate financial reports (at least one should be the best annual reports award given by the ICA) in the previous year.

UNIT IV:

Basics: Measuring and objectives of financial statement analysis; Tools and types of financial statement analysis; Benchmarks for comparison. Inter-firm comparison.

UNIT V:

Purpose-wise Analysis – Profitability, Liquidity and Solvency, Growth and Sustainability measurement; Capital Structure, Investment and Cash Flow Analysis.

Practicals

- Analysis of financial statements using different tools of analysis.
- Measurement of liquidity, solvency, profitability and growth of companies.
- Preparation of cash flow statements.
- Determination of capital structure of companies.
- Preparation of corporate financial reports.
- Discussion on trends in corporate financial reporting

Skills

- Application of tools and techniques of financial statement analysis.
- Ability to assess a company's financial performance and evaluate financial position.
- Understand disclosure requirements in corporate financial reporting.

Learning/Course Outcomes

- Update with the emerging trends in Corporate Financial Reporting.
- Describe and apply the basic techniques of financial statement analysis.
- Describe the role of financial reporting and financial statement analysis.
- Will gain ability to interpret information contained in management reports.
- Classify, calculate, and interpret activity, liquidity, solvency, profitability, and valuation ratios.

Books for Reference:

1. Asish K Bhattacharyya: Corporate Financial Reporting and Analysis: PHI.
2. B. Lev. Financial Statement analysis; A New Approach, Prentice Hall
3. Bedford N M, Extensions in Accounting Disclosure, Prentice Hall.
4. Bhabatosh Banerjee, Financial Policy and Management Accounting, Prentice Hall
5. Bhabatosh Banerjee, Regulation of Corporate Accounting and Reporting in India, The World Press
6. C A Praveen Sharma and CA Kapileshwar Bhalla: Financial Reporting: Taxmann.
7. Felix I Lessambo: Financial Statement Analysis and Reporting: Springer.
8. G. Foster, Financial Statement Analysis, Prentice Hall
9. J. Lal, Corporate Financial Reporting Theory and Practice, Taxman
10. M Hanif and A Mukherjee: Financial Reporting and Financial Statement Analysis: McGraw Hill.
11. Peddina Mohana Rao: Financial Statement Analysis and Reporting: PHI.