



Chandaria  
School of  
Business

## **FIN 4130A: FINANCIAL ANALYSIS AND REPORTING**

**CREDIT: 3 UNITS**

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### **COURSE SYLLABUS**

#### **Course Description**

This course provides a broad framework on analytical tools and procedures used to evaluate firm business operations. The course introduces and analyzes the relationship between business activities (operating, financing and investing) and financial statements, from both views of internal and external users of financial information. It concentrates on understanding published financial statements, analysis of mergers and acquisitions, mortgages and bonds, and leases.

#### **Course Objective**

The course aims at developing and deepening the financial analysis skills in some key areas of business activities. The course emphasizes application of investment techniques in the market place.

#### **Learning Outcomes**

##### **Link to the University Learning Outcomes**

USIU mission outcomes include higher order thinking, literacy, global understanding and multi-cultural perspective, preparedness for career, leadership and ethics and community service. This course aims at learner acquiring critical thinking skills and global understanding of financial instruments and investments.

##### **Link to the Chandaria Business School Outcomes**

The Chandaria Business School mission outcomes are linked to the university mission outcomes and include global orientation, multidisciplinary, change orientation, experiential, initiative problem solving, team player, effective communication, preparedness for career and transformational leadership. FIN 4130 is designed to contribute to achievement of three major mission outcomes including global orientation, problem solving and career preparedness.

## Course Learning Outcomes

At the end of this course, the students should be able to

1. Analyse and interpret various published financial statement.
2. Understand and analyse suitability of merger and acquisition decision.
3. Discuss mortgage process and the need of mortgage backed bonds.
4. Analyse public and private equity investments.
5. Evaluate lease verses purchase decision in a firm.

## Course Content

### Week 1&2: Financial analysis tools

#### Learning Outcomes:

- ✓ To understand various tools of financial analyses.
- ✓ To understand the financial analysis of a firm.

#### Content:

- Introduction to financial analysis.
- Ratio analysis.
- Cross sectional analysis.
- Trend analysis.

### Week 3 & 4: Understanding and Interpreting Published Financial Statements.

#### Learning Outcomes:

- ✓ To understand and interpret published Financial Statements.

#### Content:

- Understand and interpret statement of comprehensive income.
- Understand and interpret statement of financial position.
- Understand and interpret statement of cash flows.
- Understand and interpret notes to often published reports.

### Week 5 &6: Mortgage and Bond Analysis.

#### Learning Outcomes:

- ✓ Understand the various characteristics and qualities of bonds.
- ✓ Understand different types of mortgages.
- ✓ Appreciate role and issuing process of mortgage and asset backed securities

#### Content:

- Bond yield and duration analysis.
- Bond rating and credit risk analysis.
- Mortgage analysis, payments and extension risk.
- Bond rating and process.
- Computation and interpretation of bond duration.
- Mortgage products and risks.
- Mortgage and asset backed securities and structure and risk.

## **WEEK 7: MID SEMESTER EXAM**

### **Week 8: Lease analysis**

#### **Learning outcomes**

- ✓ To evaluate leasing as an alternative financing arrangement
- ✓ To analyze lease verse purchase decision

#### **Content**

- Types of leases
- Effects of various types of leases to firm
- Evaluation of lease verse purchase decision.

### **Week 9 & 10: Equity Analysis**

#### **Learning Outcomes:**

- ✓ To understand and analyze equity investment.

#### **Content:**

- Free cash flow evaluations.
- Asset based evaluation.
- Private company evaluation.

### **Week 11 & 12: Mergers and Acquisitions**

#### **Learning Outcomes:**

- ✓ To understand types and motives of Merger.
- ✓ Assessment of Target Company.
- ✓ Valuation of Target Company.

#### **Content:**

- Types and motives of merger.
- Hostile and friendly merger.
- Due diligence exercise of target company.
- Valuation of merger and acquisition.
- Considerations in merger and acquisition.

### **Week 13: Investment Banking.**

#### **Learning Outcomes:**

- ✓ To enlighten Role and contributions of Investment Banking.

#### **Content:**

- Introduction to investment banking.
- Duties, roles and responsibilities of investment banks.
- Investment banking in Kenya.

### **WEEK 14 : FINAL EXAMINATION**

#### **Mode of Delivery**

A mixture of lectures, group work, class presentations and class discussions. Students are required to read the relevant text(s) preferably before topics are discussed in class but definitely after discussions in class for a thorough understanding of the subject matter. Students are also advised to read the additional reading texts recommended wherever possible.

#### **Instructional Materials and/ or equipment**

E-learning platform, scientific calculators, projector

#### **Course Assessment**

Participation and attendance	10%
Assignments	40%
Mid-Semester	20%
Final Examination	<u>30%</u>

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<b>TOTAL</b>	<b>100%</b>
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**Course Texts**

1. Thomas R. Robinson, CFA,. Elaine Henry, CFA,. Wendy L. Pirie, CFA,. Michael A. Broihahn, CFA. International Financial Statement Analysis, 3<sup>rd</sup> Edition (2015), CFA Institute Investment Series.

2. Alan Melville, International Financial Reporting, A Practical Guide, 6<sup>th</sup> Edition (2017). Pearson Education Limited.

**GRADING SYSTEM**

90 – 100	A
87 – 89	A-
84 – 86	B+
80 – 83	B
77 – 79	B-
74 – 76	C+
70 – 73	C
67 – 69	C-
64 – 66	D+
62 – 63	D
60 – 61	D-
0 - 59	F