

**PALOMAR COLLEGE**  
**COURSE OUTLINE OF RECORD FOR**  
**DEGREE CREDIT COURSE**

  X   Transfer course        X   A.A. degree applicable course  
(check all that apply)

**COURSE NUMBER AND TITLE:** Accounting 120      Analysis of Financial Statements

**UNIT VALUE:** 3

**MINIMUM NUMBER OF SEMESTER HOURS:** 48

**BASIC SKILLS REQUIREMENTS:** Appropriate language and computational skills.

**ENTRANCE REQUIREMENTS**

**PREREQUISITE:** Accounting 103, Financial Accounting.

**COREQUISITE:** None.

**RECOMMENDED PREPARATION:** None.

**SCOPE OF COURSE:** Exploration of the characteristics of financial statements and analysis of reported results from such statements. How to apply ratios to financial statements and to interpret outcomes in order to draw various inferences and/or conclusions from the results.

**SPECIFIC COURSE OBJECTIVES:** Successful students will

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.
6. Demonstrate knowledge of the standards of ethical conduct used to guide accountants in serving their employers, their profession, and the public.

**CONTENT IN TERMS OF SPECIFIC BODY OF KNOWLEDGE:**

- I. Meaning and Scope of Financial Statement Analysis

- II. Review of Financial Statements
- III. Overview of Various Methods of Analysis
- IV. Understanding the Process of Financial Ratio Analysis
- V. Balance Sheet Analysis
- VI. Income Statement Analysis
- VII. Analysis of the Statement of Cash Flows
- VIII. Interpreting Overall Results of Ratio Analysis
- IX. Communicating Results of Financial Statement Analysis
- X. Application of Financial Analysis to Case Studies

**REQUIRED READING:**

Gibson, Charles H. Financial Statement Analysis. 7th edition.  
Cincinnati: Southwestern, 1998.

Supplementary texts and workbooks: Company Annual Reports.

NOTE: An equivalent set of instructional texts and workbook materials may be selected.

**SUGGESTED READING:** Viewing or reading current local, national and international business news.

**REQUIRED WRITING:** Writing skills will be demonstrated in presenting proposed and final solutions to Financial Statement Analysis Case Study at least 5-10 pages in length.

**OUTSIDE ASSIGNMENTS:**

**Students are expected to spend a minimum of three hours per unit per week in class and on outside assignments, prorated for short term classes.**

Financial Statement Analysis Case Study; reading text; studying for tests; completing assignments

**INSTRUCTIONAL METHODOLOGY:**

Check all that apply:

- lecture
- laboratory
- lecture-laboratory combination
- directed study

**This course may be offered as a distance education course and meets Title 5 regulations 55370, 55372, 55374, 55376, 55378, and 55380.**

Yes  No

**If yes, check all that apply.** (See guidelines for preparation for definitions.)

- telecourse
- mediated instruction

\_\_\_ computer assisted instruction

**GRADING POLICY AND STANDARDS** (include methods of determining whether the stated objectives have been met by students):

Students are evaluated on the basis of their solution to accounting case study problems and its presentation. In addition, students are evaluated on the basis of test scores, successful completion of exercises and problems, and class participation.

<u>Grading</u>	
Exercise and problem assignments	20%
Case study and presentation	30%
Class participation	10%
Tests	<u>40%</u>
	<u>100%</u>

Percentage Required for a Grade of:

A	90 - 100%
B	80 - 89%
C	70 - 79%
D	60 - 69%
F	0 - 59%

**IS COURSE REPEATABLE FOR REASON(S) OTHER THAN DEFICIENT GRADE?**

Yes \_\_\_ No X Number of times course may be taken for credit: 1

If yes, identify specific provision of Title 5 Division 2 section(s) 55761-55763 and 58161 which qualifies course as repeatable:

**CONTACT PERSON:** Sherry Gordon, Ext. 2492.

**SIGNATURES:**

SIGNATURES ON FILE