

**AUSTIN COMMUNITY COLLEGE
CONTINUING EDUCATION**

FINANCIAL STATEMENTS ANALYSIS

(4 hours)

ACNT 4007

COURSE SYLLABUS

Course Description: An introduction to basic financial statement analysis techniques, including: horizontal and vertical analysis; trend percentages such as current ratio, acid-test ratio, turnover ratios, return on assets, etc. Prerequisites: Accounting II or equivalent knowledge.

Objectives: Every student will be able to:

1. Prepare comparative financial statements using horizontal and vertical analysis.
2. Calculate trend percentages.
3. Compute the following ratios and measures:
 - a. working capital
 - b. current ratio
 - c. acid-test ratio
 - d. accounts receivable turnover
 - e. average collection period for accounts receivable
 - f. merchandise inventory turnover
 - g. number of days in merchandise inventory
 - h. ratio of plant assets to long-term liabilities
 - i. ratio of owner's equity to total liabilities
 - j. return on total assets
 - k. return on stockholders' equity
4. Classify costs by behavior.
5. Determine the break-even point using the contribution margin.
6. Determine the amount of sales needed for a desired profit.

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Rationale: Investors in corporations and owners/managers in businesses alike are interested in knowing how well the firm is doing financially. They will naturally want to compare this year's financial condition with last year's, to know whether enough money is available to pay the bills in the near future, and to answer such questions as "How effectively are we using the resources of the firm? Are the firm's operations profitable? How safe are the owner's investments?" This course introduces the students to the financial analysis tools used to answer such questions.

Required Material: None

Type of Course: Short Course

Evaluation: Students will be evaluated on their competency in performing a variety of hands-on exercises throughout the course. In order to grant CEU credit for a course the students must be able to complete assessment exercises for each part of the course given by the instructor. The instructor will validate each participant's achievement of the course objectives by signing and awarding individual certificates of completion.