



51A Middle Street Newburyport MA 01950

Phone: 800-588-7039 Fax: 877-902-4284

[contact@bhfe.com](mailto:contact@bhfe.com)

[www.bhfe.com](http://www.bhfe.com)

## Course Information

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**Course Title:** Financial Analysis: A Business Decision Guide #362620

**Number of continuing education credit hours recommended for this course:**

**CPA:** 19 (All states)

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

### **Course Description:**

Nearly every business decision calls for a clear understanding of the underlying numbers. A manager needs this information to understand how well a business unit is performing, whether a new venture can achieve a reasonable profit, how much debt to take on, and so forth. *Financial Analysis* can assist with these decisions by focusing on the key indicators in a business that will drive its future performance. It does so by describing how to extract meaningful information from financial statements. It also delves into a number of analyses that are linked to specific business decisions, such as price optimization, constraint management, and credit granting. Another area addressed is financing, where the course covers financial leverage, capital structure, and foreign exchange risk. Other topics include financial forecasting, discounted cash flow analysis, and the valuation of acquisitions. In short, *Financial Analysis* is the essential desk reference for anyone who wants to make better-informed decisions.

**Program Delivery Method:** NASBA QAS Self-Study (interactive)

**Subject Codes/Field of Study:** Finance

### **Course Level, Prerequisites, and Advance Preparation Requirements**

Level: Overview

Prerequisites: None

Advance Preparation: None

### **Course Content**

Publication/Revision date: 10/23/2020.

Author: Steven M. Bragg, CPA.

Final exam (online): Ninety-five questions (multiple-choice).

### **Instructions for taking this course**

**Note: Downloading the PDF of this course will enable Bookmarks for easier navigation (on the left side of the document window, open the bookmarks pane).** You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on the following page, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

### **Instructions for Taking the Final Exam Online**

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

#### **Additional Information**

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

# Learning Assignment & Objectives

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## Learning Objectives:

- Specify the situations in which different types of financial analysis could be used.
- Specify the issues to consider when making recommendations as the result of financial analysis.
- Identify the financial statements, their contents, and how they are formatted.
- Cite the key accounting concepts that can alter the information presented in the financial statements.
- State the methods used to interpret the information in the financial statements.
- Identify the components of the cost-volume-profit relationship, and how they are used.
- Identify the advantages of the various pricing methodologies.
- Cite the issues that can impact the cost of a cost object, and whether that cost is recognized.
- Identify the key constraint concepts and how they can be used to improve profitability.
- Specify the concepts under which credit is granted to customers, as well as indicators of possible future delinquency.
- Identify the financing choices available to a company.
- Cite the impact and risks of financial leverage on a business, as well as when leverage is more likely to be used.
- State the issues impacting the capital structure of a business, as well as situations in which the capital structure should be reviewed.
- Identify the measurements used by investors to track the adequacy of dividend payments.
- Identify the risks and mitigating actions associated with foreign exchange.
- Cite the risks and mitigating actions associated with interest rates, as well as the terms of the various interest rate hedging instruments.
- State the elements of a system of forecasting and budgeting.
- Identify the issues impacting the rate of growth of a company.
- Identify the elements of the cost of capital, and note how the cost of capital is calculated.
- Cite the basis for the use of discounted cash flows, the types of annuities, and how discounted cash flows can be used.
- State the methods available for analyzing requests for capital projects, and the issues to be reviewed when examining such requests.
- Specify the concepts involved in the lease or buy decision process, the information to include in or exclude from the decision, and the circumstances under which different lease types would be used.
- Identify the techniques used to place a value on a target company.
- Cite the methods used to measure and improve shareholder value, and the situations in which certain methods are more applicable.

# About the Author

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**Steven Bragg, CPA**, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books:

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# Preface

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A company is constantly confronted with situations that require a detailed review of available options and a decision to proceed in a certain direction. These decisions can be supported by different types of analysis tools. In *Financial Analysis: A Business Decision Guide*, we explore many of the decision tools available to management, and how they can be employed to improve operations and financial results. The topics covered include the general areas of financial statement analysis, operational analysis, financing analysis, forecasting, and investment analysis. As examples of the topics covered, *Financial Analysis* provides answers to the following questions:

- How do inventory costing methods impact the reported results of a business?
- Which ratios should I use to interpret the information in financial statements?
- Which pricing methods would work best in my company?
- Which costs should I include when examining the profitability of customers?
- How can bottlenecks impact profitability?
- How can I employ financial leverage to enhance the return on equity?
- How can I design the optimal capital structure for my business?
- How can I reduce the risk of holding foreign exchange?
- Which issues should I consider when arriving at a reasonable rate of growth?
- When should I use discounted cash flow methods?
- Which methods should I use to value a potential acquisition?

*Financial Analysis: A Business Decision Guide* is intended for managers, analysts, accountants, consultants, and students, who can benefit from its broad range of analysis topics. The book also provides references to the author's popular Accounting Best Practices podcast, which provides additional coverage of many analysis topics. As such, it may earn a place on your book shelf as a reference tool for years to come.

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