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Course Information

Course Title: Financial Analysis: A Business Decision Guide #362624

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: 0004761 (Ethics #0011467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: CPE.51 PSR

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.

Course Content

Publication/Revision date: 10/5/2023.

Author: Steven M. Bragg, CPA.

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

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

Instructions for Taking This Course

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- You must complete this course within one year of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
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- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Assignment & Objectives

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

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 more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

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Table of Contents

Chapter 1 - Overview of Financial Analysis	1
The Purpose of Financial Analysis	1
Key Financial Analysis Concepts	2
Judgment in Financial Analysis	3
Precision of Financial Analysis.....	4
Death by a Thousand Cuts	4
Monitoring Analysis	5
Role of the Financial Analyst.....	6
A Conservative Bias.....	6
Chapter 2 - The Financial Statements	9
The Income Statement	9
Income Statement Overview	9
The Single-Step Income Statement	12
The Multi-Step Income Statement.....	12
The Contribution Margin Income Statement.....	13
The Multi-Period Income Statement	14
The Balance Sheet.....	15
Overview of the Balance Sheet	16
The Common Size Balance Sheet	19
The Comparative Balance Sheet.....	20
The Statement of Cash Flows	21
Overview of the Statement of Cash Flows	21
The Direct Method	21
The Indirect Method.....	23
The Statement of Retained Earnings.....	24
Overview of the Statement of Retained Earnings.....	24
Financial Statement Disclosures	25
Chapter 3 - Accounting Issues Impacting the Financials	34
The Basis of Accounting.....	34
Accrual Basis of Accounting.....	34
Cash Basis of Accounting	35
Modified Cash Basis of Accounting.....	35
Effect of the Fiscal Year	36
Recordation of Revenue at Gross or Net.....	36
Bill and Hold Revenue	37
Negative Cash	38
Inventory Costing Methods.....	38
Depreciation Methods	39
Current Value Accounting	41
Illusory Profits	41
Financial Statement Reporting Issues	42
Headline Earnings	42
Pro Forma Earnings.....	42
Window Dressing.....	43
Auditor Certification.....	43
Chapter 4 - Interpretation of Financial Statements	46
Interpretation of Financial Statements	46
Horizontal Analysis.....	47
Vertical Analysis.....	49

Cash Coverage Ratio.....	50
Current Ratio.....	51
Quick Ratio	52
Liquidity Index.....	53
Accounts Payable Turnover Ratio	54
Accounts Receivable Turnover Ratio	55
Inventory Turnover Ratio.....	56
Fixed Asset Turnover Ratio	56
Sales to Working Capital Ratio.....	57
Debt to Equity Ratio	58
Fixed Charge Coverage.....	59
Breakeven Point	59
Gross Profit Ratio	60
Net Profit Ratio	61
Return on Net Assets.....	61
EBITDA.....	62
NOPAT	63
Limitations of Ratio Analysis	63
Chapter 5 - Cost-Volume-Profit Analysis.....	67
Contribution Margin	67
Breakeven Point	68
Margin of Safety	71
Cost-Volume-Profit Analysis.....	72
Sales Mix	74
Chapter 6 - Pricing Decisions	77
Psychological Pricing.....	77
Cost Plus Pricing.....	78
Dynamic Pricing	79
Freemium Pricing.....	80
High-Low Pricing	81
Premium Pricing	82
Time and Materials Pricing.....	83
Value Based Pricing.....	85
Other Pricing Strategies	86
When to Review Pricing	87
Price Elasticity of Demand.....	88
Cross Price Elasticity of Demand	89
Non-Price Determinants of Demand.....	90
Chapter 7 - Cost Object Analysis	93
Factors in Cost Object Analysis	93
The Assignability of Costs	94
The Customer Cost Object.....	95
Customer Acquisition Costs	96
Customer Lifetime Value	97
The Employee Cost Object	98
The Product Cost Object.....	99
The Product Line Cost Object.....	100
The Sales Channel Cost Object.....	102
Cost Object Termination Issues	102
Which Cost Objects to Track	103
Chapter 8 - Constraint Analysis.....	105
Overview of Constraint Analysis	106
The Cost of the Bottleneck.....	107
Local Optimization	108
Constraint Analysis Financial Terminology	109

Constraint Analysis from a Financial Perspective	110
The Constraint Analysis Model	110
The Decision to Sell at a Lower Price.....	112
The Decision to Outsource Production	113
The Capital Investment Decision	114
The Decision to Cancel a Product.....	116
Chapter 9 - Credit Decisions.....	119
The Credit Rating.....	119
Internal Credit Rating Systems	119
Third Party Credit Ratings	122
Evaluating Credit Scores.....	123
Use of Credit Ratings.....	123
Credit Rating Errors.....	124
Indicators of Future Payment Delinquency.....	124
Ongoing Credit Monitoring Actions	125
Requests for Credit Increases.....	128
The Riskiest Customers	128
The Demanding Customer	129
Effects of Industry Credit Practices	130
Chapter 10 - Financing Choices	133
Overview of Debt Funding.....	133
The Line of Credit.....	134
The Borrowing Base	134
Early Payment Discounting.....	136
Invoice Discounting	137
Factoring	137
Inventory Financing	138
Purchase Order Financing.....	138
Leases.....	138
The Long-Term Loan.....	139
Bonds	140
Agency Financing	141
Deleveraging	141
Overview of Equity Funding.....	142
Restricted Stock	143
Unrestricted Stock.....	143
Warrants.....	143
Angel Investors and Venture Capital	144
Crowdfunding	145
Private Investment in Public Equity.....	145
Debt for Equity Swaps	146
Chapter 11 - Financial Leverage	149
The Financial Leverage Concept	149
Issues Impacting Leverage.....	153
Leverage Risk	153
Impact of Compensation on Leverage	154
Chapter 12 - Capital Structure Analysis	157
Optimal Capital Structure	157
Capital Structure Analysis	158
Line of Credit Issues	159
Tax Shield Effects.....	159
Future Financing Flexibility.....	160
Loan Covenant Issues	160
Maturity Structure of Debt.....	160
Creditor Position Considerations	161

Debt Paydown	162
Cost of Capital Reduction	162
Planning for a Bond Rating.....	162
Capital Structure Measurements	164
Interest Coverage Ratio	164
Debt Service Coverage Ratio	164
Recapitalization.....	165
Timing of Changes to the Capital Structure.....	165
Chapter 13 - Dividend Analysis.....	168
The Investor Viewpoint	168
The Company Viewpoint.....	169
How to Set a Dividend Policy.....	170
The Stock Buyback Option	171
The Stock Dividend	172
Chapter 14 - Foreign Exchange Risk Analysis.....	175
Foreign Exchange Risk Overview.....	175
Foreign Exchange Risk Management	176
Take No Action	176
Avoid Risk.....	177
Shift Risk.....	177
Time Compression	178
Payment Leading and Lagging.....	179
Build Reserves.....	179
Maintain Local Reserves	179
Hedging	179
Types of Foreign Exchange Hedges.....	180
Loan Denominated in a Foreign Currency	180
The Forward Contract.....	181
The Futures Contract.....	182
The Currency Option.....	182
The Cylinder Option.....	184
Swaps	184
Netting	185
Chapter 15 - Interest Rate Risk Analysis	188
Interest Risk Overview.....	188
Interest Rate Risk Management	188
Take No Action	189
Avoid Risk.....	189
Asset and Liability Matching	189
Hedging	189
Types of Interest Rate Hedges	190
The Forward Rate Agreement	190
The Futures Contract.....	192
The Interest Rate Swap.....	193
Interest Rate Options	194
Interest Rate Swaptions	197
Chapter 16 - Financial Forecasting.....	200
The Differences between a Budget and a Forecast	200
Budget Construction Tools	201
The Run Rate Concept.....	201
The Learning Curve.....	202
Sensitivity Analysis	203
Revenue Forecasting.....	204
The System of Budgets	208
The Number of Budget Scenarios	212

The Rolling Forecast.....	213
The Cash Forecast.....	216
The Short-Term Cash Forecast.....	217
The Medium-Term Cash Forecast.....	220
The Long-Term Cash Forecast.....	221
The Use of Averages.....	221
The Use of Clearing Dates in a Forecast.....	222
Chapter 17 - Managing the Rate of Growth.....	225
The Funding of Growth.....	225
Contribution Margins and Sustainable Growth.....	226
Organic Growth.....	227
Step Costs and Sales Growth.....	228
Other Constraints on Growth.....	229
Negative Effects of Excessive Growth.....	230
The Ideal Rate of Growth.....	230
Chapter 18 - The Cost of Capital.....	233
Cost of Capital Derivation.....	233
Cost of Debt.....	233
Cost of Preferred Stock.....	234
Cost of Common Stock.....	234
Weighted Average Cost of Capital.....	235
Variations in the Cost of Capital.....	235
Adjustments to the Cost of Capital.....	237
Cost of Capital as a Threshold Value.....	238
Chapter 19 - Discounted Cash Flow Techniques.....	241
Time Value of Money.....	241
Present and Future Value Tables.....	242
Net Present Value.....	244
Internal Rate of Return.....	245
Incremental Internal Rate of Return.....	246
Terminal Value.....	247
Inclusions in Cash Flow Analysis.....	247
Chapter 20 - Capital Budgeting.....	250
Overview of Capital Budgeting.....	250
The Capital Request Form.....	251
The Payback Method.....	252
Real Options.....	254
Capital Budget Proposal Analysis.....	255
Complex Systems Analysis.....	257
Research and Development Funding Analysis.....	257
The Outsourcing Decision.....	258
The Post Installation Review.....	259
Chapter 21 - The Lease or Buy Decision.....	262
The Lease Arrangement.....	262
The Lease or Buy Decision.....	262
Leasing Concerns.....	263
Leasing Advantages.....	264
Chapter 22 - Acquisition Valuation.....	267
Liquidation Value.....	267
Real Estate Value.....	268
Relief-from-Royalty Method.....	268
Book Value.....	269
Enterprise Value.....	270
Multiples Analysis.....	271

Discounted Cash Flows.....	274
Post Five-Year Cash Flows	274
Negotiation of DCF Contents.....	275
Replication Value.....	277
Comparison Analysis	278
The Comparison of Sales Multiples	278
The Comparison of Cash Flows	279
The Comparison of Contract Revenues.....	279
52-Week High.....	280
Influencer Price Point.....	280
The Initial Public Offering Valuation	280
The Strategic Purchase.....	281
Intellectual Property Valuation	281
Extraneous Valuation Factors	282
The Control Premium.....	282
The Earnout.....	282
Synergy Analysis	284
The Valuation Floor and Ceiling.....	286
Chapter 23 - The Enhancement of Shareholder Value	289
Return on Equity	289
Economic Value Added	291
Cash Flow Analysis	293
Opportunity Cost of Capital.....	294
Key Success Factors.....	294
Stock Price Enhancement.....	295
Long-Term and Short-Term Value Considerations.....	295
The Industry Setting.....	296
Answers to Chapter Questions	299
Glossary	319
Index	324

Preface

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.

Centennial, Colorado
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