



**Department of Finance and Banking College of  
Administration and Economics Salahaddin University -Erbil**

**Subject: Financial Analysis**

**Course Book – Higher Diploma**

**First Semester**

**Academic Year: 2023/2024**

**Lecturer's name Dr. KAWA W. Muhamad Ali**

**Master Science in Accounting and Finance/Erasmus  
University-Rotterdam -The Netherlands**

**PhD. in Accounting/Financial Accounting - Salahaddin**

**University-Erbil in corporation with Erasmus University -  
Rotterdam**

## Course Book

<b>1. Course name</b>	<b>Financial Analysis</b>
<b>2. Lecturer in charge</b>	<b>Kawa Wali</b>
<b>3. Department/ College</b>	<b>Finance and Banking/ Administration and Economics</b>
<b>4. Contact</b>	<b>e-mail: kawa.wali@su.edu.krd</b>
<b>5. Time (in hours) per week</b>	<b>Theory: 3</b>
<b>6. Office hours</b>	<b>Sunday 10:00-10:30, 11:30-12:30</b>
<b>7. Course code</b>	<b>FB12</b>
<b>8. Teacher's academic profile</b>	<b>Kawa Wali, is the lecturer of managerial and financial accounting, he has been achieved master degree in Accounting and Finance in 2007 at the Erasmus University-Rotterdam in Holland. Ph.D. degree in Accounting/Financial Accounting at the Salahaddin University - Erbil – College Administration &amp; Economics -Kurdistan Region - Iraq, in cooperation with the Erasmus University- Rotterdam in the Netherlands. He started working at Salahaddin University in 2010. He published several articles in accounting and finance in International Journals with impact factor. He lives in Erbil, DC.</b>
<b>9. Keywords</b>	<b>Financial Analysis, Financial Statements, analytical approach</b>
<b>10. Course overview:</b>	<p>This course takes a user-oriented approach to the study of financial statements. It introduces the role of the financial analysis and disclosures in the financial reporting process. The focus is on the use of financial ratios and analytical methods to evaluate firm performance and make forecasts of future performance. Moreover, leverages will be the other focus in this course. The overall objective of the course is to develop students' knowledge and skills to be better able to assess firms' financial position, cash flows, earnings quality, and financial prospects.</p>
<b>11. Course objective:</b>	<p>This course presents an overview of financial analysis (FA) from a user perspective. The objective is for each student to become an informed and critical user of financial accounting information. This includes: 1. familiarizing students with financial statement analysis concepts and techniques; 2. addressing the role of financial accounting and financial statements in decision-making; and 3. introducing participants to current debates and challenges in financial reporting.</p>
<b>12. Student's obligation</b>	<p>Class attendance is expected, however, there are no specific attendance requirements. Attendance will be taken for the lecturer's records. Students are expected to come to class prepared. Thus, students will be called on</p>

throughout the course to answer questions from the homework assignments. Frequently unprepared students may be penalized.

### **13. Forms of teaching**

The literature is in the first lectures explained. The sheets are available

- The assignments are explained in the 4th lecture
- Attendance is compulsory
- The assignment is independently or in pairs made up.
- The other lectures, the students work on the assignment. Instructor is

available to answer questions.

- Guidance by the teacher by e-mail.
- The study load is 55 hours.
- College's 35 hours
- Literature 10 hours
- Assignment 10 hours

For course related information including announcements and PowerPoint slides of the lectures. Students are also encouraged to actively participate and to discuss course related and general investments related issues.

Prior to class you should read the relevant material in the textbook, the PowerPoint slides, and any additional assigned readings. You are expected to attend class regularly and to come to class on time. You are encouraged to ask questions and to be an active participant in class.

After the lecture, you should review your lecture notes and work on the assignments.

### **14. Assessment scheme**

The grading will be dividing by following forms:

1. 20% for first semi-course exam.
2. 30% Activities include ( Quizzes + Homework + other activities)
3. 50% for final exam.
4. The student will be required to write a report about relevant topics which meet the current needs of market and the market requirements!

### **15. Student learning outcome:**

After the student complete the course of managerial accounting, the student it will be enable to:

- . Not only be able to produce accounting information, but also understand how managers are likely to use and react to the information.
- . Understand key figures and ratios of the critical success factors for an organization to appoint.
- . Understands how the staff can contribute to the operating performance using

**16. Course Reading List and References:**

Financial Reporting & Analysis: Using Financial Accounting Information, South-Western Cengage Learning, 13<sup>th</sup> edition (May 10, 2012), by Charles H. Gibson  
Financial Reporting and Analysis, McGraw-Hill, 8th edition (2021), by L. Revsine, D. Collins, B. Johnson, F. Mittelstaedt, and L. Soffer  
International Financial Statement Analysis, John Wiley & Sons, 2<sup>nd</sup> edition (May 2012), by Thomas R. Robinson, Elaine Henry, Wendy L. Pirie, Michael A. Broihahn, and Anthony T. Cope  
Financial Reporting, Financial Statement Analysis and Valuation, South-Western College Pub, 9<sup>th</sup> edition (September 2017), by James M. Wahlen, Stephen P. Baginski, and Mark Bradshaw



<b>17. The Topics:</b>	<b>Lecturer's name:</b> Dr.KAWA WALI
• Introduction to Financial statement analysis:	Week 1, 2, 3,
Horizontal analysis	Week 4, 5, 6,7,
Vertical Analysis	Week 8
• Financial Ratios	Week 9, 10,11,

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• EPS		Week 9
ROE		Week 9
ROI		Week 9
Profit analysis		Week 10-16
Contribution margin		Week 11
Equation Method		Week 12
Graph Method		Week 13
Cash flows analysis:		Week 14
Direct cash flow		Week 15
Indirect cash flow		Week 16
Exam		Week 17

**19. Examinations:**

Salahaddin University  
 College of Admin. and Economics  
 Department of Finance and Banking  
 Level: Fourth Year



Subject: Financial Analysis  
 Date: 25 / 11 / 2023  
 Time: 3hrs  
 Lecturer: Dr. Kawa Wali

Final Examination-First Trial  
 2023-2024

**Q1:** Kareem is a management accountant in an organization. He has been assigned the task of budgeting payroll costs for the next quarter.

Payroll information of the last 4 quarters is as follows:

Quarter	Work Hours	Costs \$
1	18000	400000
2	20000	480000
3	15000	440000
4	21000	500000

23,000 hours are expected to be worked in the first quarter of the next year.

**Required//** Calculate the budgeted payroll costs for the next quarter. Taking the following in account:

- 1) Identify the highest and lowest activities
- 2) Calculate variable cost per hour
- 3) Calculate fixed cost
- 4) Calculate total variable cost for new activity
- 5) Calculate total cost

**(10 Marks)**

**Q2: (A)** Royal’s Company produces and sales a product in which the following data are available;

(Selling price \$250), (F.C \$300,000), (V.C per unit \$ 220), (the operating income after tax will be \$ 480,000), and (the income tax rate equal to 20%)

If you know that the operating income before tax = target net income/1-tax rate

**Required//** 1) Find the unit sales to achieve the target profit **(10 Marks)**

- 2) Find the Dollar sales to achieve the target profit
- 3) Find the Break. Even. Point (BEP) by quantity and dollar

**Q2: (B)** For LBC's Company the following information available about its product; (Production & Sales level 4000 unit), (Selling price \$100), (Variable Cost \$100,000), and (Fixed Cost \$60,000)

**Required//** Find the Margin of Safety (MOS) by (Dollar, and Percentage) **(6Marks)**

**Q3: (A)** The following data is about the manufacture's firm for the year 2018:

DM=\$35, DL=\$20, Design expenses for the product =\$16

V. Manufacture (O.H) \$25, Selling commission=\$8

Freight –out =\$9

**(10 Marks)**

Depreciation of equipment = \$250000

Salaries general manager \$150000

Advertising \$60000

The number of product sold 15000 unit

The income tax rate = 40 %

**Required//** (1) determine the selling price for the product. If you know that the mark up percentage is equal to 120%. (2) prepare the income statement using the variable cost approach.

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**Q3: (B) Multiple-choice questions: Choose one suitable answer for each sub-question under below: (10 marks)**

1. Using the variable costing method, contribution is equal to total sales revenue less: a) fixed costs b) variable costs c) total costs d) direct labour costs
2. The definition 'Managerial Accounting is the presentation of accounting information in such a way as to assist management in the creation of policy and the day-to-day operation of an undertaking.'  
a) True b) False c) None of the above
3. Managerial accounting highlights staff relationship with top management as well as other personnel.  
a) True b) False c) None of the above
4. Which costs are charged to a product using the method of absorption costing  
a) production overheads plus direct labour costs b) materials costs plus direct labour costs  
c) direct labour costs d) total production costs
5. Managerial accounting deals with  
a) Quantitative information b) Qualitative information c) Both (a) and (b)  
d) None of the above

Months	February	March	April	May	June
<b>Q4: Cash Budget preparation</b>					
Bank of Zanko will prepare a cash budget at the end of April, May, and June 2018 as follows:					
Total Sales	100,000	110,000	60000	120000	80000
Purchase	90,000	100,000	110,000	115,000	90,000
Wages	10,500	11,000	7,000	10,500	8,500
Sales expenses	2,500	2,600	2,000	3000	2,200

**(20 Mark)**

**Other information:**

- Sales at 10% realized in the month of sales, 50% realized in the following month and the other 50% realized in the second month
- Purchases: creditors are paid in the month following the month supply.
- Wages 20% paid in the overdue payments in the following month
- Sales expenses paid in the month itself
- Income tax \$30,000 payable in June
- Dividend \$12,000 payable in June
- Income from investments \$5000 received half yearly in March
- Cash opening balance on 1-4-2018 is \$50,000

**Required//** 1) Prepare the expected Cash Collection for the Bank of Zanko.  
 2) Prepare the Cash Budget at April, May, and June for the same Bank.

GOOD LUCK