

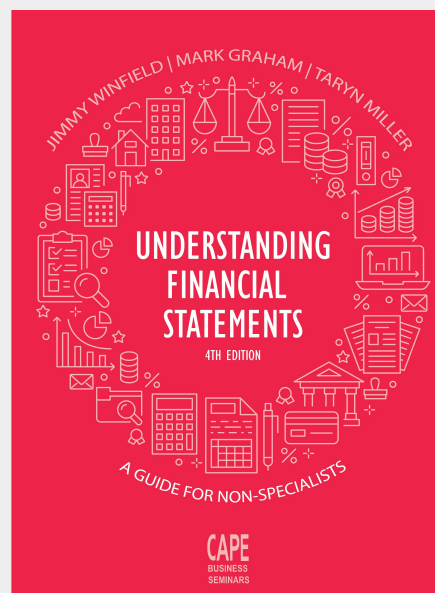
UNDERSTANDING FINANCIAL STATEMENTS

A GUIDE FOR NON-SPECIALISTS

By Winfield, Graham & Miller

4th ed.

The go-to book for undergrad and postgrad courses aiming to empower people to read financial statements, and speak the language of accounting. The first three editions have sold well more than 10,000 copies, and have been prescribed at UCT, GIBS, Wits, UKZN, Rhodes, UWC, Varsity College, Vega, and many others. This fourth edition is fully up to date, loaded with real-world examples, and comes with a full inventory of lecturer resources. It is available in both hard copy and ebook formats.



OBJECTIVE OF THE BOOK

The main objective of *Understanding Financial Statements*, and any course which uses this book, is to help students of business understand and use financial statements to ultimately make better business decisions. It helps non-specialist students understand accounting terminology, and to decode the meaning of IFRS-based financials. It does this without delving deeply into complex mechanics – the debits and credits – but rather focusses on the content of the statements themselves. For example, non-specialists need not understand the manifold ways in which trading stock might affect the journal, ledger and trial balances; rather, they need an appreciation of what inventory and trade payables balances say about the business's working capital, and how profitability is impacted by cost of sales.

Although *Understanding Financial Statements* is not specifically aimed at students who are studying to become accountants, these students may benefit from the big-picture understanding that it provides, so the book can also be used as a high-level introduction to IFRS before diving into the complexities of each standard.

MULTIPLE EDUCATIONAL LEVELS

Understanding Financial Statements has been written to aid the teaching of a wide range of students doing business studies. It can be used at a diploma, undergraduate or postgraduate level, as well as within an executive education programme.

USEFUL FEATURES

WITHIN THE TEXT

- **Objectives** at the start of each chapter. **Instructors** can use these to provide a high-level overview of what students should be able to do after engaging with the material.
- A list of **items covered in previous chapters** on which the current chapter relies. This makes it easy for **instructors** to know what to revisit before commencing a new chapter.

- A **recurring case study** to illustrate accounting treatments and disclosures in real life. The **instructor** can use the Burberry case study to show how all the elements come together. Burberry's financial statements are displayed in Appendix I of the book for easy reference.
- Boxes that highlight **key terminology and concepts**. The **instructor** may wish to emphasise these items.
- **Misconception boxes** that highlight common misconceptions that those who are first exposed to accounting may have. These help the **instructor** anticipate typical areas of misunderstanding.
- A **summary of key points** at the end of each chapter. The **instructor** can use this list to ensure that the essential material has been covered.
- **Chapter questions**. These comprise content questions (CQs) to test understanding of the theoretical concepts, applied questions (AQs) to interrogate how these concepts are applied in the financial statements of Truworths International Limited (contained in Appendix II); and investigative questions (IQs) which pose broader questions for enrichment. The suggested solutions to the content questions are in Appendix III. The suggested solutions to the applied questions are available to **instructors** who may wish to prescribe these questions as homework or for self-study.
- **Glossary**. As the language of accounting is full of its own jargon and has even repurposed words from ordinary language with specialised meanings, **instructors** can direct students to the glossary at appropriate times.
- **Index**. This may be helpful for both **instructors** and students to quickly find all the sections that deal with a particular term or concept.

ONLINE RESOURCES

- A **detailed guide** for **instructors**, including advice on how much of the book's content to cover within a course, overall teaching and learning tips and hints, detailed teaching suggestions for each chapter, and also examples of assessments for both undergraduate and post graduate courses.
- A comprehensive set of **slides** for each chapter. These slides contain all the important concepts and examples covered in each chapter. **Instructors** can choose which slides to use.
- **MCQs** based on the material covered in each chapter. **Instructors** may prescribe these questions as homework or self-study.
- **Answers to the applied questions** (AQ) for chapters 4 to 11, based on Truworths International Limited. **Instructors** may prescribe these questions as homework or self-study.
- **Additional worked examples**. For example, an exercise which sets out PB's hypothetical Year 2, with worked examples of how each transaction would be reported in the financial statements. **Instructors** may wish to cover this material in class or prescribe it as self-study.
- **Advanced material** for chapters 6, 7 and 11. This material offers a fuller description of selected topics, especially financial instruments, for **instructors** who may wish to go a bit deeper than the material covered in the text.
- List of **all the real-world financial statements** that are referred to in the book with links to the online financial statements. **Instructors** may wish to expand on some of these examples by showing the class more than that which is included in the text.

4. STRUCTURE

<i>Background to financial accounting</i>	Chapter 1	<i>Financial Accounting in Context.</i> The landscape of accounting; key characteristics of businesses; how businesses create value; the purpose of the financial statements.
	Chapter 2	<i>Accounting Basics.</i> A simplified overview of the mechanics of the accounting system and how it produces the financial statements, using fourteen typical transactions.
	Chapter 3	<i>Financial Reporting Standards.</i> A brief history of accounting standards; an overview of IFRS, including critiques and responses, and IFRS for SMEs.
<i>The content of financial statements</i>	Chapter 4	<i>Income and Expenses.</i> All the key items that appear on a statement of comprehensive income, including revenue, operating and finance expenses, profit, EPS.
	Chapter 5	<i>Cash Flows.</i> The differences between profit and cash flows; quality of earnings; direct and indirect statements of cash flows; working capital management.
	Chapter 6	<i>Assets.</i> The asset definition and recognition criteria; depreciation, amortisation and impairment; PPE, investment properties, intangibles, inventory, and financial assets.
	Chapter 7	<i>Liabilities.</i> The liability definition and recognition criteria; commitments; contingent liabilities; deferred income, accruals, grants, provisions, and financial liabilities.
	Chapter 8	<i>Leases, Foreign Exchange & Deferred Tax.</i> Lease accounting by a lessee; lease accounting by a lessor; foreign transactions; foreign operations; deferred tax.
	Chapter 9	<i>Group Financial Statements.</i> Groups of companies; consolidation of subsidiaries; non-controlling interests; goodwill; equity accounting of associates and joint ventures.
	Chapter 10	<i>Equity.</i> The statement of changes in equity; transactions between businesses and their owners; reserves; changes in accounting policy and material errors.
<i>Using financial statements</i>	Chapter 11	<i>Financial Analysis.</i> Risk-return profiles; benchmarks; understanding the story of the financial statements; Du Pont and other ratio analysis; financial analysis challenges.
	Chapter 12	<i>Business Valuations.</i> Book value, market value, and intrinsic value; discounted cash flow valuation models; valuation multiples methods.
<i>Broader issues</i>	Chapter 13	<i>Creative Accounting.</i> Reasons businesses prepare misleading information; common ways in which financial statements have been manipulated; countermeasures.
	Chapter 14	<i>Trends in Corporate Reporting.</i> Developments in IFRS; XBRL and iXBRL; blockchain; environmental, social and governance reporting; integrated reporting

To obtain an instructor's copy of the book, or if you simply have questions about it, we'd love to hear from you! Please email info@capebusinessseminars.com.