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Financial Statement Analysis

全美最新工商管理权威教材系列

财务报表分析

第8版 (英文改编版)

John J. Wild

〔美〕 K. R. Subramanyam 著

Robert F. Halsey



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Financial Statement Analysis

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John J. Wild 威斯康星大学会计学教授，曾在密歇根州立大学和英国曼彻斯特大学任教，教授本科生和研究生的会计和财务分析课程，曾获得多项教学优秀奖，并在*The Accounting Review*等权威学术期刊上发表多篇论文。

K. R. Subramanyam 南加州大学Marshall商学院的会计学副教授，教授本科生和研究生的财务报表分析、财务会计、管理会计等课程。他有多篇论文发表在*The Accounting Review*等权威学术期刊上。

Robert F. Halsey 巴布森大学副教授，教授研究生和本科生的财务和管理会计课程，也在巴布森管理培训学院为大型跨国公司教授培训课程。他的研究兴趣包括：企业价值、财务报表分析、信息披露等，曾在*Advance in Quantitative Analysis of Finance and Accounting*等权威学术期刊上发表多篇论文。

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丛书序

20 世纪 90 年代以来,顺应经济体制改革发展的需要,我国许多大学纷纷成立工商管理学院,开始进行 MBA 项目的教学和相关的管理培训。在短短十余年的时间里,工商管理教育已经取得了很大的成绩。

而国外的工商管理教育有许多比较成熟的经验值得我们借鉴,尤其在教材方面,国外许多优秀教材是名家名师在积累多年教学与实践经验的基础上精心编写而成,这类教材的成功引进客观上也为我国工商管理教育的迅速发展起到了很好的推动作用。

北京大学出版社 1998 年开始陆续出版的全美最新工商管理权威教材系列就是这样一套经典之作。该系列教材自出版以来,相继被许多院校在相关课程教学中选用,已经在国内 MBA 教育界享有盛誉,深受广大读者欢迎。实践证明这套教材在市场上拥有旺盛的生命力。

随着时间的推移,当时据以翻译的国外原版教材已陆续出版了更新版本。为了保持这套优秀教材的延续性,北京大学出版社将继续引进这套丛书中历经数年市场检验、读者广为赞誉的部分教材的更新版本,同时考虑到近几年 MBA 教学的新发展和新变化,也将陆续列选国外其他优秀的 MBA 教材作以充实,从而打造一套“存精纳新”的 MBA 精品教材,以飨读者。

博采众长,为我所用,国内的 MBA 教育需要这样的优秀教材。在此我要向广大师生及工商界人士推荐本套丛书,相信它会使您受益匪浅。我以为这套教材的推出对我们的工商管理教育的发展将是大有裨益的。

北京大学光华管理学院

张维迎 教授

2006 年 1 月

出版说明

本书是对国外英文原版教材的影印,鉴于原书篇幅过长,且其中某些内容不适合我国的教学实际需要,因而我们对原版图书进行了必要的删节,成为英文改编版。其中删去的内容主要包括:分析融资活动中的租赁、养老金、意外事件及担保,分析投资活动中的国际投资活动,分析经营活动中的员工附加福利,部分章节的附录以及书后的参考文献和索引。

在对原版图书进行删节、重新编排页码的同时,为了便于读者参考,我们仍保留了原书的页码(统一标注在每页页眉处),因此读者在阅读过程中可能会发现有跳页、原书两页合并为一页(页眉及页边处会分别出现两个原书页码)的现象,而且由于删节,某些文中提到的页码或内容有可能无法找到,对于由此给读者带来的诸多不便,我们深表歉意,恳请您的谅解。本书的删节工作得到了北京大学光华管理学院姜国华老师的大力支持和帮助,在此,我们对他表示衷心的感谢!

由于各个国家政治、经济、文化背景的不同,对于书中所持观点还请广大读者在阅读过程中注意加以分析和鉴别。

北京大学出版社
经济与管理图书事业部
2005年12月

关于本书

适用对象

本书定位于所有商业相关专业的学生,既可以用作本科生、研究生的教材,也可以用作专业人员的培训教材。

内容简介

本书按照不同的教学方式组织编写。尽管本书的内容具有综合性,但是允许教师根据需要选择不同的范围和深度。全书分为三部分:分析概述、会计分析和财务分析。第一部分是对财务报表分析的概述,把财务分析作为商业分析的组成部分,阐述了计划、融资、投资和经营等商业活动中财务分析的作用,解释了财务分析和报告的本质和目的。第二部分解释和分析了构成财务报表的会计度量和报告方法,具体包括对反映财务活动的数字的详细分析、投资活动分析、公司内部和国内投资活动分析、经营和收入分析。第三部分阐述了财务分析(包括预期分析)的过程和方法,具体包括财务分析工具的应用和解释,资本回报及其度量变量的解释,盈利性分析的回报,财务报表的预测和预期分析,信用分析(包括流动性和偿债能力),以盈余为基础的分析 and 权益价值分析,以及一个综合案例。

作者简介

John J. Wild 是威斯康星大学的会计学教授,曾在密歇根州立大学和英国曼彻斯特大学任教。他教授本科生和研究生的会计和财务分析课程,获得 Chipman 教学优秀奖和威斯康星系级教学优秀奖,也曾在密歇根大学获得 Beta Alpha Psi 和萨缪尔森教学优秀奖。Wild 教授是畅销书 *Financial Accounting* 的作者,许多论文发表在 *The Accounting Review*, *Journal of Accounting Research* 等多种期刊上。

K. R. Subramanyam 是南加州大学 Marshall 商学院的会计学副教授。他为本科生和研究生教授财务报表分析、财务会计、管理会计等课程。Subramanyam 教授因为在商科教育上的投入和创造性而深受尊重和认可。他的研究兴趣包括财务报表的经济效果、盈余管理的意义等。他的论文多次出现在 *The Accounting Review*, *Contemporary Accounting Research*, *Journal of Accounting Research* 等权威学术期刊上。

Robert F. Halsey 是巴布森大学的副教授。他教授研究生和本科生的财务和管理会计课程,也在巴布森管理培训学院为大型跨国公司教授培训课程。他的研究兴趣包括:企业价值、财务报表分析、信息披露等。他在 *Advance in Quantitative Analysis of Finance and Accounting* 等权威学术期刊上发表了多篇论文,并且为波士顿和纽约地区的 CFA 考试开发准备资料。

本版特色

- 大范围地修订原版,使得本版更简洁且更有效率。在没有损害内容的基础上篇幅缩短了 20%。

- 在第3章中对资产负债表外融资的扩展讨论,尤其集中于有特殊目的的实体。
- 从价值角度改写了第10章预期分析。提供了详细的资产负债表、利润表和现金流量表的例子。预期分析通过一个详细的例子与权益价值直接联系起来。
- 修订了综合案例,使预期分析和价值概念与例证融为一体。
- 改写了会计权益方法和第5章的企业合并部分,以反映新的会计标准。
- 更加强调财务分析。包括对财务报表必要调整的更多解释。
- 更多地摘录公司在每个特定主题的实情。选择了一个公司,调查其详细的票据披露,然后展示了有效财务分析所必需的调整。
- 全书增加了大量的新例子,以解释来自当前实践的概念和应用。
- 更加强调本书的可读性和吸引力。
- 更多的图、表等增强了本书的视觉吸引力。

简要目录

第一部分 导论与回顾

1. 财务报表分析回顾
2. 财务报告与分析

第二部分 会计分析

3. 分析融资活动
4. 分析投资活动
5. 分析投资活动: 特别专题
6. 分析经营活动

第三部分 财务分析

7. 现金流分析

8. 投资回报

9. 盈利性分析

10. 预期分析

11. 信用分析

12. 权益分析与价值

综合案例: 应用财务报表分析

附录 A 财务报表

Compbell Soup

Quaker Oats

利息表

教辅产品

- 教师指导光盘及相关教辅材料(由麦格劳—希尔教育出版公司教师服务中心提供)。

ANALYSIS CENTER

The **Analysis Center** is a pedagogical framework unique to this book. Its purpose is to aid in understanding, interpretation, and application of financial statement analysis by providing a cohesive, motivating framework for learning. It focuses attention on key features that highlight the relevance and importance of the analysis of financial statements and related areas.

Analysis Feature

An article featuring a company launches each chapter to highlight the relevance of that chapter's materials. In-chapter analysis is performed on the feature company.

Analysis Objectives

Chapters open with key analysis objectives that highlight important chapter goals.

Analysis Linkages

Linkages launch each chapter to establish bridges between topics and concepts in prior, current, and upcoming chapters.

Analysis Preview

A preview kicks off each chapter by describing its contents and their importance.

Analysis Viewpoint

Multiple role-playing scenarios in each chapter are a unique feature that shows the relevance of financial statement analysis to a wide assortment of decision makers.

Analysis Excerpt

Numerous excerpts from practice—including annual report disclosures, newspaper clippings, and press releases—illustrate key points throughout each chapter. Excerpts reinforce the relevance of the analysis and engage the reader.

Analysis Research

Multiple short boxes in each chapter discuss current research relevant to analysis and interpretation of financial statements.

Analysis Annotation

Each chapter includes marginal annotations. These are aimed at relevant, interesting, and topical happenings from business that bear on financial statement analysis.

Analysis Feedback

End-of-chapter assignments include traditional and innovative assignments augmented by several cases that draw on actual financial statements such as those from Wal-Mart, Kmart, Nike, Reebok, Allied Signal, Lucent Technologies, IBM, Dell, Rite Aid, Motorola, Yahoo!, Baxter International, Columbia Pictures, Abbott, Philip Morris, Merck, and Coca-Cola. Assignments are of five types: *Questions, Exercises, Problems, Cases, and Web Activities*. Each assignment is titled to reflect its purpose—many require critical thinking, communication skills, interpretation, and decision making.

Analysis Focus Companies

The entire financial statements of three companies—Eastman Kodak, Campbell Soup, and Quaker Oats—are reproduced in the book and used in numerous assignments. Experience shows that frequent use of annual reports heightens interest and learning. These reports include notes and other information.

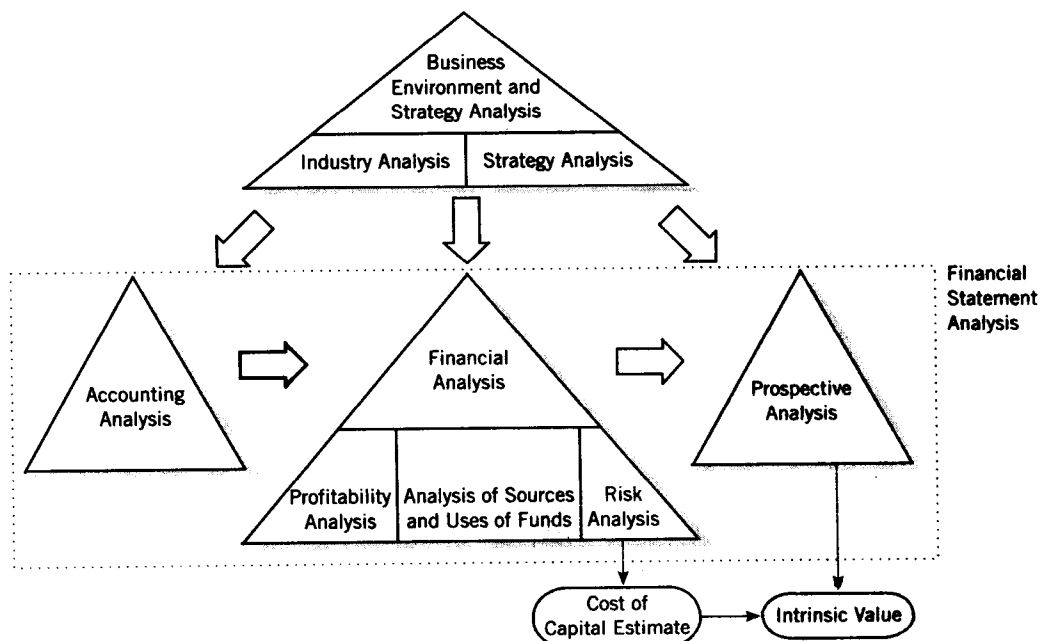
SUPPLEMENTS

Teaching and Learning Supplements are a special part of this book. Each supplement is customer driven, user friendly, and fully integrated. No other financial statement analysis book offers instructors a greater wealth of instructional and learning resources.

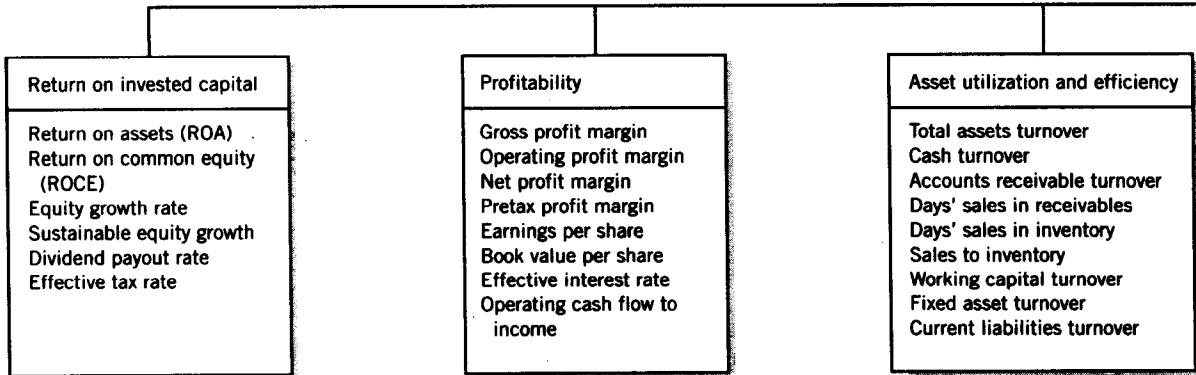
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- *Customer Service*—1-800-338-3987

ORGANIZATION AND FOCUS

Financial statement analysis is part of the broader task of business analysis. Chapters 1 and 2 provide an overview and describe this broader task, including industry and strategy analysis. Chapters 3, 4, 5 and 6 focus on accounting analysis and the necessary adjustments to financial statements. Chapters 7, 8, 9, 10, 11, and 12 focus on financial analysis, including prospective analysis. The following diagram reflects this organization and focus:



Summary of Key Financial Statement An



Return on invested capital

Return on assets (ROA) = $[\text{net income} + \text{interest expense} (1 - \text{tax rate}) + \text{minority interest in income}] / \text{average total assets}$

Return on common equity (ROCE) = $(\text{net income} - \text{preferred dividend}) / \text{average common shareholders' equity}$

Equity growth rate = $(\text{net income} - \text{preferred dividend} - \text{dividend payout}) / \text{average common equity}$

Sustainable equity growth = $\text{ROCE} \times (1 - \text{dividend payout rate})$

Dividend payout rate = $\text{cash dividends paid} / \text{net income}$

Effective tax rate = $\text{tax expense} / \text{income before income tax}$

Profitability

Gross profit margin = $(\text{sales} - \text{cost of sales}) / \text{sales}$

Operating profit margin = $\text{operating income} / \text{sales}$

Net profit margin = $\text{net income} / \text{sales}$

Pretax profit margin = $\text{income before income tax} / \text{sales}$

Earnings per share (basic) = $(\text{net income} - \text{preferred dividend}) / \text{weighted average of shares outstanding}$

Book value per share = $(\text{shareholders' equity} - \text{preferred equity}) / \text{number of shares outstanding}$

Effective interest rate = $\text{total interest incurred} / \text{average interest-bearing indebtedness}$

Operating cash flow to income = $\text{operating cash flow} / \text{net income}$

Asset utilization and efficiency

Total assets turnover = $\text{sales} / \text{average total assets}$

Cash turnover = $\text{sales} / \text{average cash and cash equivalents}$

Accounts receivable turnover = $\text{sales} / \text{average accounts receivable}$

Days' sales in receivables = $(\text{accounts receivable} \times 360) / \text{sales}$

Days' sales in inventory = $(\text{inventory} \times 360) / \text{cost of sales}$

Sales to inventory = $\text{sales} / \text{average inventory}$

Working capital turnover = $\text{sales} / \text{average working capital}$

Fixed asset turnover = $\text{sales} / \text{average fixed assets}$

Current liabilities turnover = $\text{sales} / \text{average current liabilities}$

Liquidity

Current ratio = $\text{current assets} / \text{current liabilities}$

Working capital = $\text{current assets} - \text{current liabilities}$

Acid-test (quick) ratio = $(\text{cash} + \text{cash equivalents} + \text{marketable securities} + \text{accounts receivable}) / \text{current liabilities}$

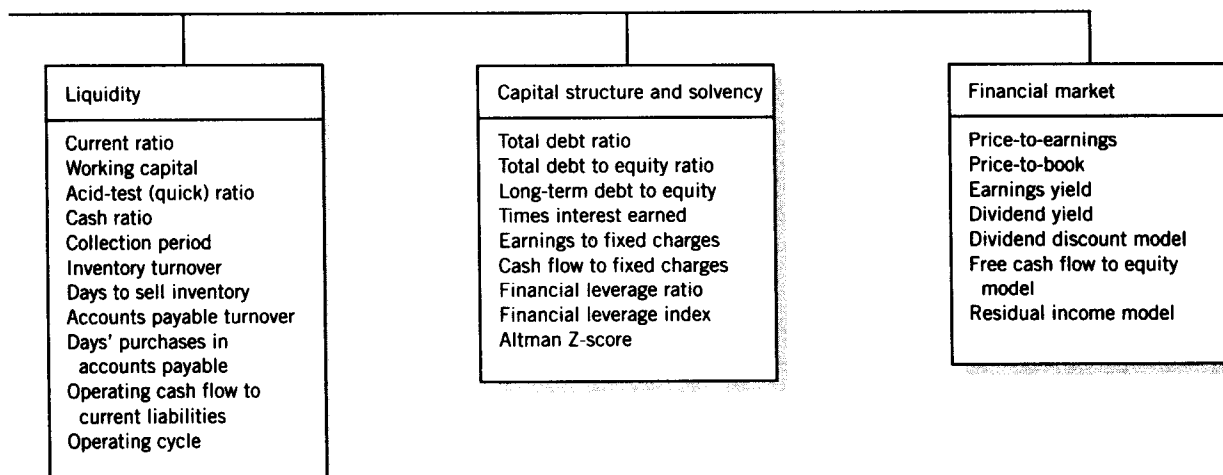
Cash ratio = $(\text{cash} + \text{cash equivalents} + \text{marketable securities}) / \text{current assets}$

Collection period = $(\text{average accounts receivable} \times 360) / \text{sales}$

Inventory turnover = $\text{cost of sales} / \text{average inventory}$

Days to sell inventory = $(\text{average inventory} \times 360) / \text{cost of sales}$

Analysis and Valuation Measures †



† Certain measures can be classified in more than one category.

Definitions for Measures ‡

Accounts payable turnover = purchases/average accounts payable

Days' purchases in accounts payable = (accounts payable × 360)/purchases

Cash flow to current liabilities ratio = operating cash flow/current liabilities

Operating cycle = days to sell inventory + collection period

Capital structure and solvency

Total debt ratio = total liabilities/total assets

Total debt to equity ratio = total liabilities/shareholders' equity

Long-term debt to equity = long-term liabilities/shareholders' equity

Times interest earned = income before interest and income taxes/interest expense

Earnings to fixed charges = earnings available for fixed charges/fixed charges (see chapter 11 for definition)

Cash flow to fixed charges = pretax operating cash flow available for fixed charges/fixed charges (see chapter 11 for definition)

Financial leverage ratio = total assets/common shareholders' equity

Financial leverage index = ROCE/ROA

Altman Z-score = 0.717 (working capital/total assets) + 0.847 (retained earnings/total assets) + 3.107 (income before interest and taxes/total assets) + 0.420 (shareholders' equity/total liabilities) + 0.998 (sales/total assets)

Financial market

Price-to-earnings = market price per common share/earnings per share

Price-to-book = market price per common share/book value per common share

Earnings yield = earnings per share/market price per common share

Dividend yield = annual cash dividends per common share/market price per common share

Dividend

discount

model*

$$V_t = E(D_{t+1})/(1+k)^1 + E(D_{t+2})/(1+k)^2 + E(D_{t+3})/(1+k)^3 + \dots + E(D_{t+n})/(1+k)^n + \dots$$

Free cash

flow to

equity model*

$$V_t = E(FCF_{t+1})/(1+k)^1 + E(FCF_{t+2})/(1+k)^2 + E(FCF_{t+3})/(1+k)^3 + \dots + E(FCF_{t+n})/(1+k)^n + \dots$$

Residual

income

model*

$$V_t = BV_t + E(RI_{t+1})/(1+k)^1 + E(RI_{t+2})/(1+k)^2 + E(RI_{t+3})/(1+k)^3 + \dots + E(RI_{t+n})/(1+k)^n + \dots$$

* V_t is equity value, $E(\bullet)$ refers to the expectation (forecast) of the item in parentheses, D_t is dividend, FCF_t is free cash flow to equity, BV_t is end-of-period book value, RI_t is residual income (comprehensive income minus a charge on beginning book value: $RI_t = NI_t - (k \times BV_{t-1})$), and k is cost of capital.

‡ Number of days in a year is 360 for ratio computations; 365 days is also commonly used.

P R E F A C E

Welcome to the eighth edition of *Financial Statement Analysis*. This book is the product of extensive market surveys, chapter reviews, and correspondence with instructors and students. We are delighted that an overwhelming number of instructors, students, practitioners, and organizations agree with our approach to analysis of financial statements. This book forges a unique path in financial statement analysis, one that responds to the requests and demands of modern-day analysts. From the outset, a main goal in writing this book has been to respond to these needs by providing the most progressive, accessible, current, and user-driven textbook in the field. We are pleased that the book's reception in the United States and across the world has exceeded expectations.

Analysis of financial statements is exciting and dynamic, with enormous implications for business decisions, resource allocation, and individual wealth. This book reveals the keys to effective analysis to give readers a competitive advantage in an increasingly competitive marketplace. We know financial statements are relevant to the decisions of many individuals including investors, creditors, consultants, managers, auditors, directors, analysts, regulators, and employees. This book equips these individuals with the analytical skills necessary to succeed in business. Yet, experience in teaching this material tells us that we can only engage readers by demonstrating the relevance of analysis. This book continually demonstrates that relevance with applications to real world companies. The book aims to benefit a broad readership, ranging from those with a simple curiosity in financial markets to those with years of experience in accounting and finance.

ORGANIZATION AND CONTENT

This book's organization accommodates different teaching styles. While the book is comprehensive, its layout allows instructors to choose topics and depth of coverage as desired. Readers are told in Chapter 1 how the book's topics are related to each other and how they fit within the broad discipline of financial statement analysis. The book is organized into three parts:

1. Analysis Overview
2. Accounting Analysis
3. Financial Analysis

ANALYSIS OVERVIEW

Part One gives an overview of financial statement analysis. We introduce financial statement analysis as an integral part of the broader framework of business analysis. We examine the role of financial statement analysis in different types of business analysis such as equity analysis and credit analysis. We emphasize the understanding of business activities—planning, financing, investing, and operating. We describe the strategies underlying business activities and their effects on financial statements. We also

emphasize the importance of accrual accounting for analysis and the relevance of conducting accounting analysis to make appropriate adjustments to financial statements before embarking on financial analysis. We apply several popular tools and techniques in analyzing and interpreting financial statements. An important and unique feature is our use of Eastman Kodak's annual report as a means to immediately engage readers and to instill relevance. Part One comprises two chapters:

- *Chapter 1.* We begin the analysis of financial statements by considering their relevance to business decisions. This leads to a focus on users, including what they need and how analysis serves them. We describe business activities and how they are reflected in financial statements. We also discuss both debt and equity valuation.
- *Chapter 2.* This chapter explains the nature and purpose of financial accounting and reporting, including the broader environment under which financial statements are prepared and used. We highlight the importance of accrual accounting in comparison to cash accounting. We identify and discuss myths and truths of these two measurement systems. The importance and limitations of accounting data for analysis purposes are described along with the significance of conducting accounting analysis for financial analysis.

ACCOUNTING ANALYSIS

To aid in accounting analysis, Part Two explains and analyzes the accounting measurement and reporting practices underlying financial statements. We organize this analysis around financing (liabilities and equity), investing (assets), and operating (income) activities. We show how operating activities are outcomes of changes in investing and financing activities. We provide insights into income determination and asset and liability measurement. Most important, we discuss procedures and clues for the analysis and adjustment of financial statements to enhance their economic content for meaningful financial analysis. Part Two comprises four chapters:

- *Chapter 3.* Chapter 3 begins the detailed analysis of the numbers reflecting financing activities. It explains how those numbers are the raw material for financial analysis. Our focus is on explaining, analyzing, interpreting, and adjusting those reported numbers to better reflect financing activities. Crucial topics include leases, pensions, off-balance-sheet financing, and shareholders' equity.
- *Chapter 4.* This chapter extends the analysis to investing activities. We show how to analyze and adjust (as necessary) numbers that reflect assets such as securities, receivables, derivatives, inventories, property, equipment, and intangibles. We explain what those numbers reveal about financial position and performance, including future performance.
- *Chapter 5.* Chapter 5 extends the analysis to special investing activities—intercompany and international. We analyze intercorporate investments and business combinations from the perspective of a parent company. We examine international investments and their reporting implications for financial statements. We show how interpreting and adjusting the disclosures on intercompany and international activities are an important part of analysis.
- *Chapter 6.* This chapter focuses on analysis of operating activities and income. We discuss the concept and measurement of income as distinct from cash flows. We analyze accrual measures in yielding net income. Understanding recognition methods of both revenues and expenses is stressed. We analyze and adjust the income statement and its components, including nonrecurring items such as restructuring charges, asset impairments, and employee stock options.

FINANCIAL ANALYSIS

Part Three examines the processes and methods of financial analysis (including prospective analysis). We stress the objectives of different users and describe analytical tools and techniques to meet those objectives. The means of analysis range from computation of ratio and cash flow measures to earnings prediction and equity valuation. We apply analysis tools that enable one to reconstruct the economic reality embedded in financial statements. We demonstrate how analysis tools and techniques enhance users' decisions—including company valuation and lending decisions. We show how financial statement analysis reduces uncertainty and increases confidence in business decisions. Part Three consists of six chapters and a Comprehensive Case:

- *Chapter 7.* This chapter begins our study of the application and interpretation of financial analysis tools. We analyze cash flow measures for insights into all business activities, with special emphasis on operating activities. Attention is directed at company and industry conditions when analyzing cash flows.
- *Chapter 8.* Chapter 8 emphasizes return on invested capital and explains variations in its measurement. Attention is directed at return on assets and return on equity. We disaggregate both return measures and describe their relevance. Financial leverage also is explained.
- *Chapter 9.* This chapter expands the returns analysis to profitability. We emphasize the components of income and the adjustments necessary for their proper evaluation. Attention is directed at sales, cost of sales, taxes, selling, and financing expenses. Profitability-based analysis tools are demonstrated, including their interpretation and application.
- *Chapter 10.* We describe forecasting and pro forma analysis of financial statements. We present forecasting of the balance sheet, income statement, and statement of cash flows with a detailed example. We then provide an example to link prospective analysis to equity valuation.
- *Chapter 11.* This chapter focuses on credit analysis, both liquidity and solvency. We first present analysis tools to assess liquidity—including accounting-based ratios, turnover, and operating activity measures. Then, we focus on capital structure and its implications for solvency. We analyze the importance of financial leverage and its effects on risk and return. Analytical adjustments are explained for tests of liquidity and solvency. We describe earnings-coverage measures and their interpretation.
- *Chapter 12.* The final chapter emphasizes earnings-based analysis and equity valuation. The earnings-based analysis focuses on earnings quality, earnings persistence, and earning power. Attention is directed at techniques for measuring and applying these concepts. Discussion of equity valuation focuses on forecasting accounting numbers and estimating company value.
- *Comprehensive Case.* This case is a comprehensive analysis of financial statements and related notes. We describe steps in analyzing the statements and the essential attributes of an analysis report. Our analysis is organized around key components of financial statement analysis: cash analysis, return on invested capital, asset utilization, operating performance, profitability, forecasting, liquidity, capital structure, and solvency.

KEY CHANGES IN THIS EDITION

Many readers provided useful suggestions through chapter reviews, surveys, and correspondence. We made the following changes in response to these suggestions:

- Extensively revised the text to streamline the discussion. We have reduced the total text pages by 20% with no loss of content.

- Expanded the discussion of off-balance-sheet financing in Chapter 3, focusing particularly on special purpose entities.
- Rewrote Chapter 10 on Prospective Analysis from a valuation perspective. Detailed examples of balance sheet, income statement, and statement of cash flows forecasting procedures are now provided. Prospective analysis is linked directly with equity valuation through a detailed example.
- Revised the Comprehensive Case to incorporate prospective analysis and valuation concepts and illustrations.
- Rewrote the equity method accounting and business combinations sections of Chapter 5 to reflect the new accounting standards.
- Placed greater emphasis on accounting analysis. This includes further explanations of the necessary adjustments to financial statements.
- Increased excerpts of actual company disclosures on each topic—typically, we select a company, probe its detailed note disclosures, and then demonstrate the adjustments needed for effective financial analysis.
- Added numerous new examples throughout the book to illustrate concepts and applications from current practice.
- Increased the emphasis on making the material accessible and engaging. Several features are apparent, others are more subtle. For example, we describe theoretical concepts and specialized analyses in simple terms. We present data and illustrations in readable and understandable frameworks. We introduce industry and economic data throughout the book, often in graphical form.
- Enhanced visual appeal. Extensive use of graphs, charts, and schedules engage the reader.

INNOVATIVE PEDAGOGY

We believe people learn best when provided with motivation and structure. The pedagogical features of this book facilitate those learning goals. Features include:

- **Analysis Feature.** An article featuring an actual company launches each chapter to highlight the relevance of that chapter's materials. In-chapter analysis is performed on that company. Experience shows readers are motivated to learn when their interests are piqued.
- **Analysis Objectives.** Chapters open with key analysis objectives that highlight important chapter goals.
- **Analysis Linkages.** Linkages launch each chapter to establish bridges between topics and concepts in prior, current, and upcoming chapters. This roadmap—titled *A Look Back*, *A Look at This Chapter*, and *A Look Ahead*—provides structure for learning.
- **Analysis Preview.** A preview kicks off each chapter by describing its content and importance.
- **Analysis Viewpoint.** Multiple role-playing scenarios in each chapter are a unique feature that show the relevance of financial statement analysis to a wide assortment of decision makers.
- **Analysis Excerpt.** Numerous excerpts from practice—including annual report disclosures, newspaper clippings, and press releases—illustrate key points and topics. Excerpts reinforce the relevance of the analysis and engage the reader.
- **Analysis Research.** Multiple, short boxes in each chapter discuss current research relevant to the analysis and interpretation of financial statements.
- **Analysis Annotations.** Each chapter includes marginal annotations. These are aimed at relevant, interesting, and topical happenings from business that bear on financial statement analysis.