

Summary of Major Topics and Ratios Included on the Final

Chapter 13 - Financial Statement Analysis:

- Ratio Calculations - see Exam #7 Information for specific ratios to be tested.
- Understand the terms Liquidity, Solvency and Profitability and how they relate to ratios.
- Be familiar with vertical and horizontal analysis.
- Define or explain the irregular items that may appear on the income statement, including the "net of tax" presentation for:
 - Discontinue Operations
 - Extraordinary Items

Appendix C - Time Value of Money:

- Understand and calculate problems using the time value of money concepts. I.e. present and future values.

Other things you should be able to calculate or explain:

- Calculate simple interest, including determining the principal and interest components when a series of equal payments are made. For example, a fully amortized loan. (See the example of interest calculations on the webpage.)
- Calculate dividends paid to common stockholders using the concept:
 - o beginning retained earnings
 - o plus net income or minus net loss
 - o minus total dividends
 - o equals ending retained earnings

Concepts of Accounting:

- Know the 12 accounting assumptions, principles and constraints, and how they are applied.