

MAKERERE UNIVERSITY BUSINESS SCHOOL

BACHELOR OF BUSINESS ADMINISTRATION DEGREE (BBA) COURSE OUTLINE: AY: 2025/2026

Course Name :	INTERPRETING FINANCIAL ACCOUNTING INFORMATION
Course Code :	COM3244
Course Level :	3
Credit Units :	4
Contact Hours:	60

Course Description

This course develops students' knowledge of finance and accounting and the ability to use that knowledge to interpret financial and accounting information in order to provide advice to the board, or a similar decision-making body, in strategy development and/or decision-making. Students **must** have attained a basic level of understanding of financial accounting and finance.

Learning outcomes

After successful completion of this course you should:

- Be able to critically engage with the need for regulating financial reporting by entities
- Understand how financial statements and reports are prepared and evaluate them in order to provide insightful interpretation
- Be able to identify and critically evaluate sources of finance and their associated risks and returns
- Be able to conceptualise the nature and importance of capital structure and the cost of capital and evaluate these for decision making
- Be able to critically explore fundamental financial decision-making theories and evaluate these for decision making.

Mode of delivery

- Lectures
- Group Discussion
- Tutorials

Mode of Assessment

- Course work - 30%
- Examination - 70%

		<ul style="list-style-type: none"> the local approach – standard setting and the adoption of International Accounting Standards (IAS) current developments convergence: 		
3.	The Conceptual Framework for financial reporting	<ul style="list-style-type: none"> Financial accounting concepts and principles and the Conceptual Framework in the preparation and presentation of financial statements. Purpose of the Conceptual Framework Basic objectives and users of financial statements Assumptions underlying financial statements fundamental qualitative characteristics: enhancing qualitative characteristics: Elements of financial statements Use of capital and capital maintenance in accrual basis financial statements Contribution and inherent limitations of financial statements, including key ethical issues The use of the business model concept in financial reporting 	4 hours	3 Hamid Safi
4	Criteria and requirements for information appearing in a published financial statements as per international reporting framework	<ul style="list-style-type: none"> Objectives of financial statements Structure and content of financial statements Preparation of financial statements and the concepts of: Reporting period and comparative information An overview of accounting irregularities and creative accounting 	4 hours	4 Hamid Safi

		<ul style="list-style-type: none"> ▪ Earnings management – use and limitations of earnings per share (EPS) analysis ▪ Purpose and usefulness of value for money and economic value added (EVA) analysis ▪ Overtrading, financial distress and insolvency 		
8.	Financial markets and market participants (Investor-Borrowers)	<ul style="list-style-type: none"> ▪ Private versus public markets: ▪ The role of other sources of finance, including ▪ Investor – borrower expectations 	4 hours	8 Elvis Peter Emuron
9.	Sources of long-term (LT) and short-term (ST) finance and their associated risks and returns	<ul style="list-style-type: none"> • Identification and evaluation of the features and use of various sources of long term finance, including: • External sources of short-term finance, including 	4 hours	9 Elvis Peter Emuron
10.	Capital structure and cost of capital and working capital management	<ul style="list-style-type: none"> • Factors that determine capital structure in companies • Evaluation of financial models related to the capital structure decision • Equity capital including: • Capital gearing: • the capital structure debate – traditional versus Modigliani-Miller arguments and the impact of real world factors • The concept of financial risk in relation to gearing • The concept of business risk in relation to areas of operation and to the proportion of fixed overhead in their cost structure • Weighted Average Cost of Capital (WACC), including selection of an appropriate cost of capital for use in valuation • Dividend or internal investment 	4 hours	10 Elvis Peter Emuron

11	Financial decisions for investing in equities	<ul style="list-style-type: none"> • Investment decisions, criteria the need for investment appraisal • Investor risk and return and different risk assessment models, including: • Use of portfolios, including: • The problem of risk and the risk preferences of investors, including risk versus risk-free investments • Economic outlook and forecasts of interest rates and market return, including: • indifference curves 	4 hours	11 Elvis Peter Emuron
12	Company analysis and business valuation methods for making financial decisions plus shareholder value analysis	<ul style="list-style-type: none"> □ Financial statement analysis <ul style="list-style-type: none"> • Relative value measures • Discounted cash flow (DCF) models – to estimate the attractiveness of an investment opportunity • Efficient market hypothesis and its application to business valuations • Earnings per share (EPS) • Dividend Discount Model (DDM) (also known as Gordon’s Growth Model) • Capital Asset Pricing Model (CAPM), systematic risk, β factor, α values • Price/earnings (P/E) ratio • Value creation • Value drivers including: • Strengths and weaknesses of SVA • Economic value added (EVA) as an alternative to SVA • Measuring value creation: 	4 hours	12 Elvis Peter Emuron
13	Financial decisions for investing in projects and Monitoring and	<ul style="list-style-type: none"> • Identification and analysis of a project’s: • Factors in project appraisal: • Project appraisal techniques, including: 	4 hours	13 Elvis Peter Emuron

	controlling of investment projects	<ul style="list-style-type: none"> • factors affecting project appraisal: • Advantages, disadvantages and appropriateness of investment appraisal methods in different circumstances • Evaluating projects with unequal costs and service lives • Profitability index (benefit–cost ratio) and its use in capital rationing situations, including: • Use and purpose of budgeting and budgetary control: 		
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Reading list

- Powers, M., Needles, E.B., and Crosson, V.S. (2011). Accounting Principles. 11th Ed. South-Western. Cengage Learning
- Gibson, H.C. (2007). Financial Reporting and analysis Using Accounting Information. 10th Ed. South-Western. Cengage Learning
- Sa’nchez-Rodri’guez, C., and Spraakman, G. (2012), “ERP systems and management accounting: a multiple case study”, *Qualitative Research in Accounting & Management*, Vol. 9 No. 4 pp. 398-414
- Gouws, D.G., and Lucouw, P. (2000), “A dynamic balance model for analysts and managers”, *Meditari Accountancy Research*, Vol. 8 pp. 25-45
- Growe G, DeBruine M, Lee JY and Tudón Maldonado JF (2014). The profitability and performance measurement of us regional banks using the predictive focus of the “Fundamental Analysis Research”. *Advances in Management Accounting* Emerald Group Publishing Limited, 24: 189-237.

Facilitators.

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