



**ADVANCED FINANCIAL STATEMENT ANALYSIS  
ACCT-UB.0030.01**

**Monday and Wednesday, 3:30 – 4:45 pm  
Spring 2012**

Professor: Jim Ohlson

OFFICE: KMC 10-85

HOURS: Thursdays 11:00 – 2:00 or by appointment

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TA: TBA

**Course Description:** The course addresses the following question: how can one implement financial statement analysis to assess whether or not a stock (firm) is over- or under- valued? To address this question requires a good understanding of the primary data, namely, a firm's financial statements and related summary information available from websites (like Yahoo! Finance). Equally important, a good understanding of concepts is essential to organize the analysis into a coherent whole. In this regard the focus will be on the nature of forecasting and how forecasts are used to estimate a firm's value. There are two parts to the course.

The first part discusses the spreadsheets necessary to organize the analysis. This discussion will also lead to an intensive discussion of core concepts, such as the role and measurement of cash flows, various earnings numbers, performance ratios, the centrality of a firm's so-called forward P/E, and the difference between the wealth creating activities as opposed to the distribution of wealth etc. I expect this will take up about 50% of the semester. Exercises will be distributed.

The second part is dedicated to students' case presentations. Presentations will be oral in addition to written documents. The nature of the presentations will be discussed in class, as well as the size of groups.

**The necessary background:** it should be underscored that though this course is intensely practical, it also requires the development of concepts. A solid background in finance, accounting, and FSA helps significantly. If you have had problems with these subjects in the past, then you need to keep in mind that an extra effort will be necessary if you want to benefit from the course. That said, my approach will be one of reviewing concept as opposed to presume that you know these. Feel free to discuss the adequacy of your background after the first class. At any rate, at the end of the course you should be able to deal with the question posed above in a confident manner.

**Main learning tool:** Go to the web site [godeohlson.com](http://godeohlson.com) (it is for free); there you find the relevant material. This website provides 90% of what you will need for the course (setting aside the financial statements that will be analyzed). The first day of class will discuss the “big picture” of this website extensively.

**Supplements:** As the need arises, I will also hand out slides (and post on blackboard)

**Grading:**

Assignments: 25%

Project and class participation: 75%

{Final: None}

**Rules related to communication:** You are expected to consult Blackboard at least every 12 hours throughout the week. I will post course notes etc. on a regular basis as the need arises. You will occasionally be told to download material which you have to bring to class. You are of course free to email me, but you have to recognize that I will not provide out-of-class e-mail tutorials on topics covered in class. However, I do have office hours which are there to discuss whatever concerns you.

**Rules related to attendance:** Though class attendance is not formally part of the grade, I will pay attention to class attendance. I reserve the right to lower the grade if someone misses more than 20% of the classes. More important, it must be underscored that for this kind of class you cannot make up what you miss by simply reading some assigned materials.

**Lectures:** The first half of the course, approximately, discusses and illustrates the spreadsheets. Cases will be applied extensively to reinforce concepts and their usefulness. It is not possible to outline the “speed” at which this will take place. It depends on the feedback I get. At any rate, after about five-six weeks we should have covered, in order, FSA1, VAL1, FSA2, and VAL2.

**Academic Integrity:** Integrity is critical to the learning process and to all we do here at NYU Stern. All students are expected to abide by the NYU Stern Student Code of Conduct. A student’s responsibilities include, but are not limited to:

- A duty to acknowledge the work and efforts of others when submitting work as one’s own. Ideas, data, direct quotations, paraphrasing, creative expression, or any other incorporation of the work of others must be clearly referenced.
- A duty to exercise the utmost integrity when preparing for and completing assignments, including an obligation to report any observed violations.

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