

**NEW YORK UNIVERSITY
LEONARD N. STERN SCHOOL OF BUSINESS**

Financial Statement Analysis
GB 2303.00

Saturday 9:00 a. m. – 12:00 p.m.
Spring 2012

Larry Dryer
Phone: (516) 359-9384
Email: sixiron26@aol.com
Office Hours: By Appointment

Required Materials:

Stickney, Brown, & Wahler - Financial Reporting, Financial Statement Analysis, and Valuation - 6th Edition

Course Objectives:

1. To understand how to interpret and analyze financial statements effectively from a user's perspective.
2. To supplement the course material with practical applications which illustrate the above.

Group Project:

Groups may be 5 to 6 people. Each group will choose a publicly traded manufacturing, merchandising (retailing), pharmaceutical, etc. firm and analyze its financial statements for the past two years. The analysis should cover the relevant topics discussed during the course and will be handed in (typed) and presented in class toward the end of the term. More details will be given as the semester progresses.

Assignment/Grading:

There are reading and problem assignments for each class. Please bring the textbook to class as it will be utilized. The problem assignments should be written out in outline form, and you should be prepared to discuss them in class or hand in your answers if requested. As we will cover a great deal of material in the class sessions, your attendance will be critical to keep current and be prepared for the exams and Group Project.

The grading in the course will be based on the following:

Midterm:	50%
Group Project:	50%

Active participation in the class could favorably reflect upon your grade; particularly in those situations where the average of your results is between two grades.

	<u>ASSIGNMENT SCHEDULE</u>	
DATE	TOPICS/READINGS	ASSIGNMENT
Week 1 - 2/11	Chapter 1 – Overview of Financial Reporting, FSA & Valuation	Prob. 1.11 Case 1.2 (I/S, B/S, C/F) only
Week 2 - 2/18	Chapter 2 – Asset & Liability Valuation & Income Measurement	Prob. 2.15
Week 3 – 2/25	Chapter 3 – Income Flows vs. Cash Flows	Prob. 3.14
	Chapter 4 – Profitability Analysis	Case 4.2
Week 4 –3/3	Chapter 5 – Risk Analysis	Case 5.3
Week 5 – 3/10	Review latest 10k filing for The Gap	N/A
Week 6 – 3/17	NO CLASS	
Week 7 – 3/24	Chapter 6 – Quality of Accounting Information ... Chapter 7,8 – Revenue/Liability Recognition & Related Expenses MIDTERM DUE	
Week 8 – 3/31	Guest – Analyst Presentation	
Week 9 – 4/7	Forensic Review of a Fraudulent F/S	
Week 10 – 4/14	Chapters 9 – 14 – Selected discussion by Professor from these chapters	
Week 11 – 4/21	Group Project Presentations	
Week 12 –4/28	Group Project Presentations	
Week 13 – 5/5	Group Project Presentations	

GROUP PROJECT PRESENTATION

Your Group Project Presentation should include a discussion of the following:

- 1. Review the Balance Sheets and discuss in detail the possible reasons for significant items and/or trends.*
- 2. Review the Income Statements and discuss in detail the possible reasons for significant items and/or trends.*
- 3. Review the Statements of Cash Flows and discuss in detail the possible reasons for significant items and/or trends.*
- 4. Analyze key Financial Statement Ratios and discuss in detail the possible reasons for significant items and/or trends.*
- 5. Assess short-term liquidity risk.*
- 6. Assess long-term solvency risk.*
- 7. Assume that you are a Wall Street financial analyst. Based on the above, would you recommend the purchase of the Company's common stock to conservative investors? Would you recommend the stock to aggressive/growth oriented investors? Explain the reasons for your recommendations.*
- 8. Assume you are a Senior Lending Officer for a bank. Based on the above, would you lend the Company funds and if so, under what general terms (e.g.; amount, maturity date, interest rate, covenants, etc.)?*
- 9. Assume you are the Company's independent external auditor. In reviewing the Company's Balance Sheets, what accounts would you place audit emphasis on and why?*
- 10. Assume you are a management consultant. Based on the above, what recommendations would you make to the Company's management team to improve the Company's performance and profitability.*