

Prof. Kathleen McGahran

Ph: 914 826 5509 (only if necessary)

E-mail: ktmcg@aol.com

Fall, 2011 – Langone Class Schedule
Financial Statement Analysis – B10.2303: ACCT-GB.2303.91
Tuesday, 6:00 – 9:00 SUNY Purchase
Tuesday, September 20 – December 13, 2011

The course will cover an in depth examination of financial statements and footnote disclosure. We will examine footnotes and make adjustments necessary to trend information for valuation and to conduct a meaningful analysis using financial ratios.

To this end, we will analyze financial statement ratios, and show how they are affected by managerial choices. The course will use a combination of textbook problems, cases, and most importantly, actual financial report disclosures. The course is geared for students going into investment banking, equity research, or consulting.

Financial reporting guidelines/standards used are changing rapidly with the convergence of US Generally Accepted Accounting Principles (GAAP) to the International Financial Reporting Standards (IFRS). When a new standard is released, I will cover the new method and the implication of the change in method.

The week-by-week schedule is as follows:

Course materials

Excel: Most cases/problems are in Excel. It would be highly beneficial to have a laptop in class, but not necessary.

Textbook: There is no required textbook for the course. There is an **Optional** book: **Financial Reporting, Financial Statement Analysis and Valuation: A Strategic Perspective (with Thomson One Printed Access Card)** by [James M. Wahlen](#), Stephen P. Baginski and Mark Bradshaw (Aug 10, 2010). This is referred to above as WBB.

KTM refers to a **required** review of hand out notes, readings or cases.

All other course materials are contained on the course's Blackboard site.

Academic Integrity:

Students are expected to adhere to, and will be bound by, the University and School policies governing academic integrity. Compliance with the Honor Code is assumed at all times and under all circumstances.

Grading and assignments

Grading is as follows: There will be 2 quizzes and a final exam. Grading weights are: Quizzes 30% each and final 40%. Class participation will be then be taken into consideration when there is a borderline case.

Assignments will be provided each week for the next class. These mini-cases are MS Excel based problems (and solutions) on each topic that we cover. They will not be collected but they will be representative of the quiz/exam material. Cases and exercises may be done individually or by two people together (three people with permission). I suggest working together even if it is by telephone. It is very important that the cases/exercises be completed and understood. We will review the cases in class and all cases have answers provided.

Tuesday, Sept 20:

Topics: Review of Financial Accounting and Financial Statements

Required review: KTM Topics 1 & 2 notes, Read:

KTM A Detailed View of Financial Statements

Optional reading: WBB review Chapters 1 and 3.

Tuesday, Sept 27

Topic: Ratio Analysis

Required review: KTM Financial Ratio Analysis

Optional reading: WBB Chapter 4 and 5

Tuesday, Oct 4

Topic: Detailed Balance Sheet and Income Statement Adjustments

Required review: KTM Topics 3 & 4 notes

Optional Reading: WBB review Chapter 6

Exercises: calculations and analysis of Campbell Soup and Heinz

Tuesday, Oct 11 ***Class will start at 6:30***

Continuation of Income Statement Adjustments

Optional reading: WBB Chapter 8

Tuesday, Oct 18

1st Quiz: Material Through Topic 4

Topic: Liabilities, Debt, Equity and Fair Value

Required review: KTM Topic 5

Optional reading: WBB Chapter 8, Chapter 9 (pgs. 667 671)

Tuesday, Oct 25:

Topic: Cash Flow Statement and Free Cash Flow

Required review: KTM Topic 6

Optional reading: WBB Chapter 3

Tuesday, Nov 1

Topic: EPS

Required review: KTM Topic 7

Optional reading: WBB Chapter 4 (pgs. 234-238), Chapter 15 (888-894)

Tuesday, Nov 8

Topic: Accounting For Ownership In Other Companies

Required review: KTM Topic 8 Optional reading: WBB Chapter 9

Tuesday, Nov 15

Quiz #2: Material through Topic 8

Topic: EPS

Required review: KTM Topic 9

Optional reading: SBW Chapter 4 (pgs. 234-238), Chapter 15 (888-894)

Tuesday, Nov 29

Topic: Forecasting Future Cash Flows

Optional reading: SBW Chapter 10

Tuesday, Dec 6

Topic: Valuation

Required review: KTM Slides on Valuation

Optional reading: SBW Chapter 12

Tuesday, Dec 13

Final Exam Open Book Open Notes