

Course Outline for FSA (Bharat Sarath)

The course will be broken up into three modules:

- 1) Financial Statements, Ratio analysis and the Cash Flow statement
- 2) Off-balance sheet risk and transparency issues
- 3) Forecasting future Financial Statements

Module 1 is the basics of financial statement analysis and will conclude with a model that uses financial ratios to measure the probability that financial statements are manipulated. The focus is on using the financial statements as given without trying to adjust numbers. The main analytic component of this module is putting together the direct statement of Cash Flows. This module will approximately cover 5 weeks.

Module 2 will use many examples of companies whose financial statements were distorted because of the use of Special Purpose Entities, Structured securitizations and off balance-sheet risk. This part of the course will consist of in-depth discussion of parts of the financial statements and will also last about five weeks

Module 3 is a standard topic and will cover approximately two weeks. It will be done using a simple deterministic approach rather than a statistical approach.