

## ACCT-GB2103.10 FINANCIAL STATEMENT ANALYSIS (Langone, 1.5 credits)

### COURSE DESCRIPTIONS AND SYLLABUS

#### Your instructor

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Consultation hours: Email to set up an appointment

### COURSE DESCRIPTIONS

How accounting choices made by a company will help/hinder our understanding of a business's core activities is the essence of our course. Financial Statement Analysis builds upon Core Introductory Accounting. It aims to equip you with the skills to read, analyze, and interpret financial statement data to make informed business decisions regarding investment or resource allocation. Such skills are helpful for executives, bankers, analysts, investment managers, and other users of financial information.

We typically turn to financial information to understand a company's operational and economic workings. However, uncovering and translating this information into actionable insights is not always straightforward. We focus on accounting choices that will help/hinder our understanding of the business. In addition to reviewing the line items we learned from Core Introductory Accounting, we will examine other line items that you typically see on companies' financial statements.

We discuss the need to reformulate financial statements to assess management's value-creation activities. We will reformulate financial statements suitable for decomposing shareholders' rate of return. We then analyze and interpret our profitability and efficiency analysis (along with other common ratios) for companies from different industries. We finish our course with predictions of management performance (Return on Net Operating Assets - RNOA) for assigned companies of interest.

### COURSE MATERIALS

You may access all course materials, including class notes, class exercises, solutions to class, and requirements for your group presentation on LMS Brightspace.

### ASSESSMENTS

We calculate your final grade based on the following:

Online Mini Tests	20%
Group Project/Presentation	40%
Take-Home Final Exam	40%

## ACADEMIC INTEGRITY

Academic integrity and honesty is central to our mission as an educational institution. [The MBA Code of Conduct](#), which all students sign, therefore places particular emphasis on academic integrity. Notably this includes refraining from any method or means that provides an unfair advantage in exams or papers, and clearly acknowledging the work of others in your own work. As a reminder, the [entire Code of Conduct is available here](#).

To help ensure the integrity of our learning community, prose assignments you submit to LMS Brightspace will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

## STUDENT ACCESSIBILITY

New York University is committed to providing equal educational opportunity and participation for students with disabilities. Students who are interested in applying for academic accommodations are advised to reach out to the Moses Center for Student Accessibility (CSA) as early as possible in the semester. If you already receive accommodations through CSA, you are encouraged to request your accommodation letters through the Moses portal as soon as possible.

Moses Center for Student Accessibility (CSA), 212-998-4980, [mosescsa@nyu.edu](mailto:mosescsa@nyu.edu), [www.nyu.edu/csa](http://www.nyu.edu/csa)

If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility (212-998-4980, [mosescsa@nyu.edu](mailto:mosescsa@nyu.edu)) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the CSA website: <https://www.nyu.edu/students/communities-and-groups/student-accessibility.html>

## DIVERSITY & INCLUSION

This course strives to support and cultivate diversity of thought, perspectives, and experiences. The intent is to present materials and activities that will challenge your current perspectives with a goal of understanding how others might see situations differently. To support this approach, this syllabus has been reviewed by NYU Stern's Office for Diversity and Inclusion to ensure inclusivity and a representative pedagogical approach to learning. By participating in this course, it is the expectation that everyone commits to making this an inclusive learning environment for all.

## STUDENT WELLNESS

Classes can get stressful. I encourage you to reach out if you need help. The NYU Wellness Exchange offers mental health support. You can reach them 24/7 at 212 443 9999, or via the

"NYU Wellness Exchange" app. There are also drop in hours and appointments. Find out more at <http://www.nyu.edu/students/health-and-wellness/counseling-services.html>

### Tentative Class Schedule

Session	Topics	Mandatory Readings - Class Notes	Class Exercises
1	<p>Introduction – Earnings Quality &amp; Financial Statement Analysis</p> <ul style="list-style-type: none"> <li>- Business Activities and Articulation of Financial Statements</li> <li>- Earnings vs. <math>\Delta</math>Cash and the Concept of accrual accounting</li> <li>- Overview of Earnings Quality and Earnings Management</li> <li>- How accounting choices help/hinder our understanding of the business</li> </ul>	CN1	CE1.1 CE1.2 CE1.3
2 & 3	<p>Review of Financial Statements</p> <ul style="list-style-type: none"> <li>- Review all line items from the 4 financial statements in a 10-K</li> <li>- Discuss their earnings quality issues and common abuses</li> </ul>	CN2	CE2.1
4	<p>Reformulation of Financial Statements</p> <ul style="list-style-type: none"> <li>- Why the need to reformulate the statements?</li> <li>- Implementation issues when reformulating statements</li> <li>- Profitability and Efficiency Analysis</li> <li>- Other ratio analysis (growth prospects and risk)</li> </ul>	CN3	CE3.1 CE3.2 CE3.3
5	<p>Implementing Ratio Decomposition</p> <ul style="list-style-type: none"> <li>- Decomposition of shareholders' rate of return</li> <li>- Conducting reformulation and ratio decomposition on selected companies</li> </ul>	CN3 (cont.)	CE3.4
6	<b>Group Presentations &amp; Take-Home Final Exam</b>		