



# Financial Statement Analysis

ACCT-UB 3/004 – Fall 2023  
KMEC Bldg. Rm. 4-80 – Tu, Th 11:00 am – 12:15 pm

## Instructor

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## Teaching Assistant

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Office Hours: TBD

Via Zoom at:  
TBD

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## COURSE OBJECTIVE

The objective of this course is to understand how to read, interpret, and analyze financial statements. Throughout this course we will:

- Recognize the importance of understanding the four financial statements (balance sheet, statement of operations, statement of stockholder's equity and the statement of cash flows, along with the accompanying footnote disclosures) are to the evaluation a business transaction.
- Study the major corporate financial reporting instruments which will include understanding Form 10-K, Form 10-Q and Form 8-K disclosure requirements.
- Study the interrelationships between financial statements and line items within each financial statement.
- Use ratio analysis to understand analytical trends within both an individual company and its competitors.
- Using real world examples, understand the financial issue together with the associated accounting disclosures.
- Forecast future earnings using accounting disclosures.

## PREREQUISITES

The course assumes you have a solid grasp of general accounting concepts and principles.

## TEACHING PHILOSOPHY

I believe that you learn more by doing your own research and your own reasoning than you learn by hearing someone else's narrative (e.g. I get to my destination faster when I develop my own Google map rather than when I ask for directions; even though occasionally my Google map fails and I end up asking for directions anyway). Therefore, class time will be devoted to reinforcing and clarifying material that students have made a conscientious effort to understand on their own.

## **COURSE MATERIALS**

The required textbook is Easton, McAnally & Sommers, Financial Statement Analysis & Valuation, 6th edition published by Cambridge Business Publishers. Additionally, access (paid) to Cambridge's MyBusinessCourse (MBC) online platform, where you will be submitting course assignments, is required.

You have several options for purchasing the course's materials:

1. Purchase a new print edition textbook with included MBC access
2. Purchase an e-book textbook with included access to MBC
3. Purchase a used textbook and separately, an access code for MBC

Whatever you obtain, you must have access to a textbook (print or e-book) AND the MBC platform.

You should bring a device with internet access to each class. Also, you will find a financial calculator or app very helpful in the second half of the course.

## **BRIGHTSPACE PLATFORM**

This course makes extensive use of the NYU LMS (Brightspace) platform for communications, discussion and grading. Students should consult the course's Brightspace page, especially the Announcements, frequently. Important course information such as updates to the syllabus or changes to the course schedule will be communicated via Brightspace announcements.

## **COURSE QUESTIONS AND COMMUNICATION**

General course questions should be posted to Brightspace's Class Questions Topic, under the Discussions option of Brightspace's Course Menu. By doing so, the entire class can see questions posted by students and their answers. Please make sure your question has not already been asked in the forum before posting it. Only questions of a private nature or those that would give away pending homework responses should be emailed directly to the instructor; do not use cell phone SMS for this purpose.

## **PREPARING FOR CLASS**

We have considerable amount of material to cover in the course, in a relatively short period of time. Furthermore, the material covered is very much inter-related so that if you do not understand a particular topic, it will be difficult to understand the next topic. It is your responsibility to understand the course's syllabus and follow the course's schedule. A current version of this schedule is provided below. This version will almost certainly be updated through the semester. Whenever an update occurs, this will be communicated by email (to your NYU/Stern email account only) and/or a Brightspace announcement. It is your responsibility to check your NYU/Stern email and the Brightspace announcements frequently. To keep up with the course, you are required to read the material covered in each class, noted in the course schedule, before class. You must also complete course assignments (see below) on time.

## **PRE-CLASS (QUIZ) ASSIGNMENTS**

Prior to each class topic, a pre-class assignment, in the form of an MBC assignment, will be posted on MBC. These assignments should take about 15 minutes to complete. Use these MBC assignments to test your understanding of the material to be covered in class. Completing these assignments should also help you identify any topics you do not understand. As these are preparation assignments, you will be given 5 attempts to answer their questions, making it quite possible to earn a grade of 100 in each assignment. To assist in the learning process, pre-class assignments will close, and their answers will be published, shortly after their due date. This prevents granting extensions on these assignments. To compensate for this, your one lowest pre-class assignment grade will be dropped and not counted towards your final course grade.

## **HOMEWORK ASSIGNMENTS**

After we have concluded each class topic, a homework assignment will be posted on MBC. These assignments will give you an opportunity to show me, and yourself, that you have understood and learned the material. Consequently, these assignments will be graded on correctness on a scale of 0 to 100. Homework assignments (except the Chapter 1 Homework) will only give you 2 attempts to answer their questions. To assist in the learning process, pre-class assignments will close, and their answers will be published, shortly after their due date. This prevents granting extensions on these assignments. To compensate for this, your one lowest homework grade will be dropped and not counted towards your final course grade.

## **ANALYSIS ASSIGNMENTS**

After we have concluded certain key topics, an analysis assignment will be announced and posted on Brightspace. These assignments will give you an opportunity to practice some of what you learn in our course using actual filings of public companies. These assignments will be graded on a scale of 0 to 100. To assist in the learning process, analysis assignments will close, and their answers will be published, shortly after their due date. This prevents granting extensions on these assignments. As there are a small number of analysis assignments in our course, they will all count towards your final course grade. None of the scores for analysis assignments will be dropped.

## **ADDITIONAL PRACTICE MATERIAL**

In addition to the assigned homework, in Brightspace there will be posted additional recommended practice problems. These problems will be optional; however, you should strive to complete them on paper to ensure sufficient reinforcement of the material. It is recommended you complete each set of practice problems before we finish discussing the chapter they pertain to, so that you may clarify any doubts in a timely manner. Solving problems on paper is very important and will help prepare you for the midterms and final exam (which are on paper!).

## **LATE ASSIGNMENTS**

We all have occasional life issues which interfere with our schedule. Considering this, your one lowest pre-class assignment grade and your one lowest homework grade will be dropped and not counted towards your final course grade. Should you require any kind of deviation from our schedule (e.g., extensions on due dates) it is imperative that you communicate with me **BEFORE** the due date. If you do so, I may be able to accommodate your request. However, I will not be able to grant any extensions, for whatever reason, which are requested after an assignment has closed.

## **EXAMS**

There will be two midterm exams and one (non-cumulative) final exam. All three exams will be closed book, but you are allowed to bring to the exams one double sided 8 ½" x 11" page of your own notes (cheat sheet). Your sheet of notes must be your own work and must be hand-written. Your sheet of notes may not contain any material which would violate the NYU Academic Integrity Policies (e.g. answers to old exam's questions, "instructor use only" publisher's material, etc.) You are required to bring a calculator. Laptops, cell phones and other hand-held devices with internet access and/or save capabilities are not permitted during the exams; this includes any calculator with the ability to save text, including some graphing calculators used in other courses at NYU.

## **CLASS PROFESSIONALISM**

You are expected to treat this course as you would treat a good job that you want to keep. In an important meeting you would not be disruptive but rather try to be attentive and collaborative, the same applies to our classes. Among your class professionalism duties are: attend class; arrive on time and stay until the end of the class; contribute with questions and/or comments when appropriate; avoid disrupting the

class by talking to others; refrain from connecting to the internet or texting by turning off all electronic devices except for note taking and class participation.

## ATTENDANCE

While attendance is an important part of the course, it is not recorded. However, past semesters have shown a strong correlation between class attendance and overall course performance. The material we cover in class supplements the material in the book. Therefore, reading the book is a complement (not a substitute) for attending class. I understand that over the course of 28 sessions, personal and religious conflicts come up and you may need to miss a class. If you miss class for any reason, you should watch its video recording so that you may have the opportunity to make up the material which you missed on your own.

## GRADING

Your final course grade will be a weighted average, as follows:

- 5% MBC Pre-class assignments
- 10% MBC Homework assignments
- 10% Analysis assignments
- 20% Midterm Exam 1
- 25% Midterm Exam 2
- 30% Final exam

Letter grades will be assigned as follows (number in parenthesis is minimum score required for grade): A(93), A-(90), B+(87), B(83), B-(80), C+(77), C(73), C-(70), D+(67), D(60), F(0)

Grading in our course will be strictly objective. Your weighted average course grade will be converted to a letter grade using the scale above. Your instructor is unable to submit the grade “you deserve,” or the grade “you need,” or the grade “you would have earned if it weren’t for...” You must have earned the minimum score for a grade in order to be assigned that grade (“a little” less will not do).

## RE-GRADING

In line with the Grading Guidelines for the NYU Stern Undergraduate College, the process of assigning grades is intended to be one of unbiased evaluation. I encourage you to respect the integrity and authority of the grading system and discourage you from pursuing arbitrary challenges to it. If you feel that an inadvertent error has been made in grading your test paper or in assessing an overall course grade, you may submit a request to have the grade reevaluated. Please submit such requests in writing to your instructor within seven days of receiving the grade, including a brief statement of why you believe that an error in the grading has been made. Upon receipt of your written description, I will review the entire exam for grading accuracy; therefore, your grade may go up or down as a result of the re-grade request.

## ACADEMIC INTEGRITY

Our undergraduate [Academics Pillar](#) states that ***we take pride in our well-rounded education and approach our academics with honesty and integrity.*** Indeed, integrity is critical to all that we do here at NYU Stern. As members of our community, all students agree to abide by the [NYU Academic Integrity Policies](#) as well as the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.

- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

The Stern Code of Conduct and Judiciary Process applies to all students enrolled in Stern courses and can be found here: <https://www.stern.nyu.edu/uc/codeofconduct>.

To help ensure the integrity of our learning community, prose assignments you submit to NYU 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.

### **GENERAL CONDUCT & BEHAVIOR**

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's Policy in Regard to In-Class Behavior & Expectations (<http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/index.htm>) and the NYU Student Conduct Policy (<https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/university-student-conduct-policy.html>).

### **STUDENT ACCESSIBILITY**

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](tel: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>

### **STUDENT WELLNESS**

Our aim is for students to be as successful academically as they can, and to help them overcome any impediments to that. Bookmark the NYU Stern Well-being Resource Hub (<https://www.stern.nyu.edu/wellbeing>) for existing services at NYU and Stern covering a wide variety of topics including financial well-being, relationship well-being, mental well-being, and more. Any student who may be struggling and believes this may affect their performance in this course is urged to contact the Moses Center for Student Accessibility (see also the Student Accessibility section of this syllabus) at 212-998-4980 to discuss academic accommodations. If mental health assistance is needed, call the NYU's 24/7 Wellness Exchange hotline 212-443-9999. Furthermore, please approach me if you feel comfortable doing so. This will enable me to provide relevant resources or referrals. There are also drop in hours and appointments. Find out more at <http://www.nyu.edu/students/health-and-wellness/counseling-services.html>

## **NAME PRONUNCIATION AND PRONOUNS**

NYU Stern students now have the ability to include their pronouns and name pronunciation in Albert. I encourage you to share your name pronunciation and preferred pronouns this way. Please utilize this link for additional information: [Pronouns & Name Pronunciation](#)

## **RELIGIOUS OBSERVANCES AND OTHER ABSENCES**

NYU's [Calendar Policy on Religious Holidays](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. You must notify me in advance of religious holidays or observances that might coincide with exams, assignments, or class times to schedule mutually acceptable alternatives. Students may also contact [religiousaccommodations@nyu.edu](mailto:religiousaccommodations@nyu.edu) for assistance.

## **INCLUSION STATEMENT**

*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. By participating in this course, it is the expectation that everyone commits to making this an inclusive learning environment for all.*

**(See course Schedule on next page)**

## COURSE SCHEDULE

Day	Date	In-Class Activity	Due Before Class
Tu	5-Sep	Introduction	
Th	7-Sep	Financial Accounting Review	Go over Financial Accounting Review PowerPoint in Brightspace
Tu	12-Sep	Financial Accounting Review	
Th	14-Sep	Discuss Easton Ch 1	Purchase textbook and MBC access/ Read Ch. 1 / Complete MBC pre-class assignment (Quiz)
Tu	19-Sep	Discuss Easton Ch 1	
Th	21-Sep	Discuss Easton Ch 2	Read Ch. 2 / Complete MBC pre-class assignment
Tu	26-Sep	Discuss Easton Ch 2	Complete Ch. 1 MBC homework
Th	28-Sep	Discuss Easton Ch 3	Read Ch. 3 / Complete MBC pre-class assignment
Tu	3-Oct	Discuss Easton Ch 3	Complete Ch. 2 MBC homework
Th	5-Oct	Discuss Easton Ch 4	Read Ch. 4 / Complete MBC pre-class assignment
<b>Tu</b>	<b>10-Oct</b>	<b>NO CLASS</b>	<b>Legislative day (Classes meet on a Monday schedule)</b>
Th	12-Oct	Discuss Easton Ch 4	Complete Ch. 3 MBC homework
<b>Tu</b>	<b>17-Oct</b>	<b>Midterm 1</b>	<b>Complete Ch. 4 MBC homework</b>
Th	19-Oct	Discuss Easton Ch 5	Read Ch. 5 / Complete MBC pre-class assignment
Tu	24-Oct	Discuss Easton Ch 5	
Th	26-Oct	Discuss Easton Ch 6	Read Ch. 6 / Complete MBC pre-class assignment
Tu	31-Oct	Discuss Easton Ch 6	Complete Ch. 5 MBC homework
Th	2-Nov	Discuss Easton Ch 7	Read Ch. 7 / Complete MBC pre-class assignment
Tu	7-Nov	Discuss Easton Ch 7	Complete Ch. 6 MBC homework
Th	9-Nov	Discuss Easton Ch 8	Read Ch. 8 / Complete MBC pre-class assignment
Tu	14-Nov	Discuss Easton Ch 8	Complete Ch. 7 MBC homework
<b>Th</b>	<b>16-Nov</b>	<b>Midterm 2</b>	<b>Complete Ch. 8 MBC homework</b>
Tu	21-Nov	Discuss Easton Ch 9	Read Ch. 9 / Complete MBC pre-class assignment
<b>Th</b>	<b>23-Nov</b>	<b>NO CLASS</b>	<b>Thanksgiving Break</b>
Tu	28-Nov	Discuss Easton Ch 9	
Th	30-Nov	Discuss Easton Ch 10	Read Ch. 10 / Complete MBC pre-class assignment
Tu	5-Dec	Discuss Easton Ch 10	Complete Ch. 9 MBC homework
Th	7-Dec	Discuss Easton Ch 11	Read Ch. 11 / Complete MBC pre-class assignment
Tu	12-Dec	Discuss Easton Ch 11	Complete Ch. 10 MBC homework
Th	14-Dec	Catch-up, Wrap-up	Complete Ch. 11 MBC homework
<b>TBA</b>	<b>TBA</b>	<b>Midterm 3 (Final Exam)</b>	<b>Date, time, and location to be announced (TBA)</b>

**\*\*\* This schedule is subject to change. Changes will be announced on Brightspace. \*\*\***