Modeling Financial Statements

Course Descriptions and Syllabus

Your instructor

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Consultation hours: By appointments

Your Teaching Assistant
TBA

Course Descriptions

Overview

Forecasting financial statements is critical for many business disciplines. Though financial projections are rarely perfect, a good dynamic financial model enables the users to consider different scenarios (typically predicated by historical and anticipated results) and various variables that could potentially lead to different business decisions.

In this course, we exploit our understanding of the linkages between financial statements to build interactive financial models from scratch. By the end of the course, you should have the ability to understand, analyze, and model spreadsheet-based pro-forma financials for equity valuation purposes as well as for other corporate transactions (including merger, acquisition, divestiture, and LBO).

As part of your group project, you will build a comprehensive, multi-purpose projection model in Excel for a publicly listed company.

Course Materials
There is no prescribed textbook for this course. Learning objectives will be illustrated through a series of class exercises. You may access all course materials including class exercises and solutions to class exercises on NYU Classes.

Assessments
Your final grade is calculated based on:

Class Exercises (only the ones that you have been asked to submit)	20%
Group Presentation	40%
Final Exam	40%

Outline of Topics

You may access a detailed listing of the sequence of topics, related materials and related spreadsheets via NYU Classes.

Topics covered include:
- Overview of financial modeling
- Best practices in designing financial models
- Excel best practices and efficiencies
- Articulation of financial statements and the design of financial models
- Modeling revenues and related accounts
- Modeling expenses and related accounts
- Modeling PP&E
- Modeling taxes
- Modeling financial needs
- Modeling debt and bonds
- Adjusting for capitalized leases and R&D capitalization
- Understanding long-term accruals and deferrals in multi-period models
- Troubleshooting the model with understanding and controlling for circular references
- Prioritizing assumptions in models
- Sensitivity analysis and adding scenarios
- Linking financial models with equity valuation
- Modeling "Sources of Funds and Uses of Funds" in merger, acquisition, divestiture and LBO