

Financial Statement Analysis

ACCT-UB 3 004

Spring 2021

SYLLABUS

Instructor: Dr. Yoel Beniluz

Section: Section 004, Monday and Wednesday, 8:00 a.m. - 9:15 a.m.

Location: Online - Zoom

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Office Hours: Online, on Zoom, Tuesday, 9:30 – 10:30 a.m., and by appointment

COURSE DESCRIPTION

This course is designed to build and strengthen your ability to correctly interpret financial statements and their accompanying disclosures and use them to assess a company's value. Emphasis will be placed on the interpretability and understandability of financial and business communications. This includes studying the major corporate reporting mechanisms including: the Annual Report, Form 10K, Form 8K and Form 10Q. We will spend some time and discussion on interpreting and understanding comparison of financial information and disclosure within and across industries. Throughout the course we will discuss key financial statement analysis tools including: ratio analysis, working capital, asset management, return on assets, return on equity, the impact of debt on the capital structure. In the second part of the course, we will move to valuation models commonly used.

The course is aimed at anyone whose career might involve working with financial data. The ability to analyze, interpret and manage a firm's financial statements with an emphasis on understanding the reporting choices available to management is an invaluable skill-set. Throughout the course we will discuss the key disclosure rules in the United States, and where possible we will illustrate some key dimensions of international financial reporting as well when it is helpful and useful to draw such comparisons.

The course will emphasize the interpretation, evaluation, and application of financial accounting concepts and theory. We will emphasize communication skills, critical thinking, decision-making skills, and real-world issues in accounting including but not limited to financial malfeasance and ethics.

COURSE PREREQUISITE

Principles of Financial Accounting (ACCT-UB 1)

COURSE MATERIALS

Required textbook:

Financial Statement Analysis & Valuation, by Easton, McAnally and Sommers, 6th edition, published by Cambridge Business Publishers, ISBN: 978-1-61853-360-9

Required software:

myBusinessCourse – a web application for homework submission and additional tools such as eLectures videos, guided examples and quizzes that may be helpful in learning the course material. It may be accessed at:

<https://mybusinesscourse.com/>

You may find the *myBusinessCourse* useful as it provides immediate feedback and context-sensitive help on assignments and quizzes. Note: access is free with new copies of this textbook (look for page containing the access code towards the front of the book). If you already have a used textbook, and do not have an *access* code, you may purchase one on the website.

COURSE STRUCTURE

Class time will be divided between lectures, class discussions, and solving and discussing the class assignments. Given the complexity and amount of material to be covered, it is important for students to read the chapter in detail to get a basic understanding, prior to the period when a new topic is to be covered. Students should also attempt the class assignment exercises and problems.

Class assignments

It is strongly suggested that you attempt to do the class assignments, exercises and problems before we discuss the material in class and then complete it soon after. Keeping up with the material is critical to your success in this course.

myBusinessCourse

You can access the textbook web application - myBusinessCourse website using the following general link:

<https://mybusinesscourse.com/>

To login into myBusinessCourse, enter your email address and your password.

The first time you login into myBusinessCourse you will need to register yourself with your particular class section by using the following link:

For students registered in **section 004**: <https://mybusinesscourse.com?code=1041-9501-6754>

Please note that the myBusinessCourse Section ID is: 1041-9501-6754

This website also provides useful tools and I encourage you to explore it.

Individual Required Homework Assignments

All students are required to submit via myBusinessCourse solutions to homework assignments. Individual submissions are expected, even if you collaborate in developing the solutions with other students.

Homework assignments will be posted on NYU Classes and on myBusinessCourse. It is your responsibility to check the NYU Classes website regularly for homework and other announcements.

Assignments and Homework Solutions

Some of the class assignments' solutions will be presented in class. In addition, solutions to class assignments and homework assignments will be available on NYU Classes.

How to Succeed in *Financial Statement Analysis*?

There is a considerable complexity and amount of material covered in this course. To do well in this course it is essential that you: (1) attend class regularly, (2) complete assignments, and (3) do not fall behind. Cramming is not effective in this course. To understand accounting theories and applications, it is critical that you practice the details of assigned problems. It is essential that you stay current with all readings and assignments. If you are confused, seek help early!

PARTICIPATION

You are expected to attend all classes. Professional conduct is expected. It is understood that over the course of the semester, you may need to miss a class or two due to personal and religious reasons. If you miss a class please ensure to stay updated and review the material that you missed.

COURSE WEB SITE – NYU Classes

Course announcements, assignments, materials and other information will be posted on the course web site on NYU Classes.

ELECTRONIC COMMUNICATION

NYU Classes and NYU email will be used in this course for content delivery, homework, and other communications. Accordingly, **it is the student's responsibility** to check the NYU Classes course site and NYU email account for announcements, etc.

FEEDBACK

I encourage you to provide comments and feedback on class topics, content, homework assignments and the group project. I appreciate any concerns, questions, or opinions regarding the course. I would like to continue to improve this course and would be grateful for your feedback.

GRADES

Grades will be based on the following weights:

Attendance (ON TIME) and Participation	Required
Homework	10%
Midterm Exam	30%
Group Project	20%
Comprehensive Final Exam	40%
Total	100%

Note: Unsatisfactory attendance and participation would result with a final score reduction of up to 10 points of the final score (that is a negative weight of up to 10%).

There is no extra credit. Attendance and participation will be considered in assigning final grades.

The midterm exams will be given during the regularly scheduled class periods. The final exam will be comprehensive and cover the entire course.

Missing Exams: Make-up exams will not be given for any reason. If you have a valid reason for missing an exam, (medical emergency, family emergency, university-scheduled events, religious observation, or class conflicts) the final exam will be re-weighted accordingly. If you do not have a valid reason for missing an exam, a zero grade may be assigned.

Identification: Identification during exams may be required.

CELL PHONES

Cell phones should be turned off and put away during class. **TEXTING DURING CLASS IS NOT PERMITTED.**

TENTATIVE CLASS SCHEDULE

WEEK	DATE	MODULE	TOPIC	EXERCISES & PROBLEMS
1	Feb. 1 Feb. 3	Module 1	Introduction and Course Overview - Framework for Analysis and Valuation	TBA
2	Feb. 8 Feb. 10	Module 2	Review of Business Activities and Financial Statements	TBA
3	Feb. 15 Feb. 17 Feb. 18	Module 3	No Class – Presidents’ Day Profitability Analysis and Interpretation (Legislative day - Monday Schedule)	TBA
4	Feb. 22 Feb. 24	Synthesizing	Analyzing and Interpreting the Financial Statements of Home Depot and Common Size Analysis	
5	Mar. 1 Mar. 3	Module 4	Credit Risk Analysis and Interpretation	TBA
6	Mar. 8 Mar. 10	Module 5	Revenue Recognition and Operating Income	TBA
7	Mar. 15 Mar. 17	Module 6	Asset Recognition and Operating Assets	TBA
8	Mar. 22 Mar. 24		Catch Up and Review Midterm Exam: Modules 1 - 6	
9	Mar. 29 Mar. 31	Module 7	TBA Liability Recognition and Nonowner Financing	TBA
10	Apr. 5 Apr. 7	Module 10	Analyzing Leases, Pensions, and Taxes	TBA
11	Apr. 12 Apr. 14	Module 11	Financial Statement Forecasting	TBA
12	Apr. 19 Apr. 21	Module 11	No Class Financial Statement Forecasting	TBA
13	Apr. 26 Apr. 28	Module 12	Cost of Capital and Valuation Basics	TBA
14	May. 3 May. 5		Group Project - Presentations Group Project - Presentations	
15	May. 10		Course takeaways and Review for final exam	
			Comprehensive Final Exam	

This schedule is subject to changes. Changes will be announced on NYU Classes.

Exam period: May 12 – 18.

Final exam is scheduled for: TBA

DISCLAIMER: This syllabus is a guide to assist the student in planning. Updates and changes may be necessary during the semester.

ADDITIONAL COURSE POLICIES:

ACADEMIC INTEGRITY

Integrity is critical to the learning process and to all that we do here at NYU Stern. As members of our community, all students agree to abide by 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 entire Stern Student Code of Conduct applies to all students enrolled in Stern courses and can be found here: www.stern.nyu.edu/uc/codeofconduct

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

GRADING GUIDELINES

Grading Information for Stern Core Courses

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have adopted a grading guideline for core courses with enrollments of more than 25 students in which approximately 35% of students will receive an "A" or "A-" grade. In core classes of less than 25 students, the instructor is at liberty to give whatever grades they think the students deserve, while maintaining rigorous academic standards.

Grading Information for Stern Elective Courses

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines.

STUDENTS WITH DISABILITIES

If you have a qualified disability and 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 Henry and Lucy Moses Center for Students with Disabilities (CSD, 998-4980, www.nyu.edu/csd) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the CSD, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation.