

SAMPLE

New York University
Stern School of Business
Fall 2006

B10.2303
Financial Statement Analysis
Office Hours: TT 4:30-6:00

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Text: **The Analysis and Use of Financial Statements** (3rd Ed.) White, Sondhi & Fried: Wiley 2003
(Book website : www.wiley.com/college/white)

Note [Numbers] in square brackets in Course Outline denote Chapters from this Text

Course grade to be based on three quizzes - one for each part (see outline)

- **40% each for best two of three and 20% for third quiz**
- **Quizzes are open-book**
- **Dates of quizzes to be announced**

Topics: The course outline lists 8-10 topics and it should take approximately 2-3 sessions to finish each topic. At that, the pace will be quick.

Readings: The book is comprehensive - at times, you may feel - too much so. As such, **handouts** will be used to summarize and focus the chapter readings.

Handouts:

Will be available on BlackBoard.[Course Documents]

Names of the files to be downloaded are indicated on P. 2 of course outline in { }

Make sure you check the website and download the handout before coming to class.

Problems & Cases: The course outline lists numerous problems from the text. In addition to these problems you may receive additional assignments throughout the course.

Solutions to cases and problems will also be available on BlackBoard[Assignments]

The problems, cases, handouts and readings are an integral part of the course and in many cases will constitute core elements of the lecture. I urge you to be prepared!

Classes will be videoed: Links will be posted on BlackBoard [External Links]

COURSE OUTLINE

TOPIC	READINGS	PROBLEMS & CASES
1. Introduction - Framework for Financial Analysis	[1] Skim	
<u>Part I The Income & Cash Flow statements</u>		
2. The Income Statement: Revenue Recognition, Nonrecurring Items	[2]{Int_Inc} [8] Skim pp.275-279	[2] 8,12,14,17a,23* Case 2-1(Modified) Thousand Trails I
3. Cash Flow Analysis	[3] {Cashflow}	[3] 2,3,4,9,15* Thousand Trails II
<u>Part II Ratio analysis , Inventory and the Capitalization decision</u>		
4. Ratio Analysis I: Basic Elements	[4]omit pp. 149-end {Ratios}	[4] 4,5,8,14*,16,17*, 24, 25
4a. Ratio Analysis II: Bond Ratings, Bankruptcy & Equity Risk	[18] skim	
5. Inventory Analysis	[6] {Inventory}	[6] 8,9,17,20,21
6. Long-Lived Assets & Depreciation	[7] [8] to p. 275 {Fix_Asset}	[7] 1,5,9,12* [8] 8,12-14
<u>Part III (Debt on/off balance sheet)</u>		
7. Debt and Bond Covenants	[10] omit "Interest Rate Swaps" {Debt}	[10] 3,10,16,17,21,25
8. Off Balance Sheet Debt		
a. Leases	[11] pp. 364-377	[11] 7,9,11(omit bii)
Receivable sales	{OBS_Debt I}	12,14
b. Pensions/Post Retirement	[12] {Pension}	[12] 7a-d,i,j, 8a-c,e,f GM pension plan
c. Joint Ventures	[11] pp. 378-386 {OBS_Debt II}	Case 13-1

* Note: '*' indicates problem was adapted from previous exam