Fall, 2010 – Langone Class Schedule

Financial Statement Analysis – B10.2303

Tuesday, 6:00 – 9:00

Tuesday, September 28 – Tuesday, December 14

The course will cover an in depth examination of financial statements, with an emphasis on how firms use financial reporting to achieve such ends as managing earnings or keeping debt off of the balance sheet. By the end of the course, students will have an appreciation for what information is missing from the primary financial statements, the knowledge to understand the content of important footnotes, and the tools to conduct financial analyses using the information contained therein. To this end, we will analyze financial statement ratios, and show how they are affected by managerial choices. The course will use a combination of textbook problems, cases, and most importantly, actual financial report disclosures. The course is geared for students going into public accounting, investment banking, equity research, or consulting. The week-by-week schedule is as follows:

week of:

Pre-course review on your own (for those who think they need it)
Topics: Review of Financial Accounting and Financial Statements
Slides: 2-38
Exercises: Intro problems on Blackboard
Recommended reading: SBW chapters 1-3, RCJ chapters 1, 2, 3 (143-157), 6(302-313), 7

Tuesday, September 28
Topic: Ratio Analysis
Slides: 39-84
Exercises: calculations and analysis of Wal-Mart and Target
Recommended reading: SBW chapters 4 and 5, chapter 6 (pg. 362-390)

Tuesday, October 5
Topic: Non-Current Liabilities and Effective Interest Method
Slides: 85-100
Exercises: Non-Current Liability Exercise, RCJ P11-11, P11-12, C11-4
Recommended reading: RCJ Chapter 11 (except 632-649), chapter 15 908-913
Financial Statement Analysis, Fall, 2010 – Langone Class Schedule, cont’d

Tuesday, October 12
Topic: Off – Balance Sheet Liabilities – Leases
Slides: 101-123
Exercises: RCJ E12-2, P12-8, E12-14, C12-2 and recalculate Wal-Mart and Target ratios
Recommended reading: SBW chapter 8 (pgs. 535–545), RCJ chapter 12

Tuesday, October 19
Topic: Off Balance Sheet Liabilities – Equity Method Investments
Slides: 124-147
Exercises: RCJ P16-16 (parts 1-3), C16-5, General Mills, Coke
Recommended reading: SBW chapter 9 (pgs. 644-645), RCJ chapter 11 (629-631), chapter 16 (945-950)

Tuesday, October 26       Midterm Exam (first half of class)
Topic: Earnings Per Share (EPS)
Slides: 148-162
Exercises: RCJ E15-14, P15-4, P15-12, General Mills
Recommended reading: SBW 4 (pgs. 234-238), RCJ chapter 15 (888-894)

Tuesday, November 2
Topic: LIFO Inventories
Slides: 163-183
Exercises: P9-3, P9-13, P9-15
Recommended reading: SBW chapter 7 (pgs. 452-460), RCJ chapter 9

Tuesday, November 9
Topic: Pensions
Slides: pension slides on Blackboard
Exercises: RCJ problems on slides
Recommended reading: RCJ chapter 14

Tuesday, November 16
Topic: Pensions, continued
Slides: pension slides on Blackboard
Exercises: RCJ problems on slides
Recommended reading: RCJ chapter 14

Tuesday, November 23       No Class - Thanksgiving Break
Tuesday, November 30
Topic: Receivables and Securitization
Slides: receivables slides on Blackboard
Exercises: RCJ problems on slides
Recommended reading: RCJ chapter 8 (except 421-424, 437-443)

Tuesday, December 7
Topic: Executive Compensation and review
Slides: Stock Option Compensation slides on Blackboard
Recommended reading: RCJ chapter 15 (895-908)

Tuesday, December 14  Final Exam (in class)

Course materials

All other course materials are contained on the course’s Blackboard site.

2. Powerpoint slides, examples of financial statements, and articles from the popular press can be found on Blackboard

3. Solutions to all problems can also be found on the course’s Blackboard site

Grading and assignments
Grading is as follows: There will a midterm and final and 6 small take-home assignments (minicases). Grading weights are: Midterm 2/7ths, Mini-Cases 2/7ths, Final 3/7ths. Class participation will be then be taken into consideration to adjust grades where appropriate. The midterm and final are both in-class, open book and open note.

The cases are take-home mini-cases or quizzes (approx. one page) on each topic that we cover. They will be handed out on Tuesday, and due the following Tuesday, and must be done individually.