Monday and Wednesday 6:00-9:00PM

Office: KMEC 10-80
Office Hours: M, W 4:30 – 5:30 PM and by appointment
Phone: (212) 998-0267
E-mail: dcohen@stern.nyu.edu

Prerequisite: B01.1306: Financial Accounting and Reporting. If you have not taken this class, please see me before or after the first class.

Course Objectives and Topics:
Financial reporting systems serve many purposes. They are used to inform both current and potential investors. The accounting numbers reported in the financial statements are used in contracting between shareholders, managers, creditors and others. Regulators use financial reports to make assessments of competitive conditions and financial strength. At various times, management makes financial reporting and/or transaction design decisions to obtain some objectives with these various user groups. In this course, we will examine and analyze the financial accounting model in order to obtain a better understanding of these decisions and their telltale signs in the financial reports. These skills will enable us to make assessments of the “quality of reported earnings” and to make comparative assessments of performance and risk.

The Financial Statement Analysis Course provides many essential tools and concepts for students contemplating careers in corporate finance, auditing, investment banking, and equity and fixed income research. The material is covered in a rigorous, analytical manner. The course is meant to be difficult, but manageable. Accounting is like a language; students become more fluent with practice. This course assumes a good command of introductory financial accounting topics.

Of course, help is available. Best way to reach me is by e-mail at dcohen@stern.nyu.edu. This is never intrusive, so do not hesitate to use it. In addition, appointments to discuss anything related to the course may be made by contacting me.

Course Materials:
There is no specific textbook required for this course. I will be providing handouts, notes and all other material. My lectures notes are based on the following textbooks, which are recommended for further reference. There are no required readings from these textbooks and you do not have to purchase them.


Course Webpage:
I will be posting class handouts as well as other material on the course website (Blackboard). You are encouraged to check the course webpage every few days. The relevant class handout will be posted before class – make sure you download the handout before coming to class.
Materials, Problems and Cases:
As we cover the material in class, I will provide articles and examples from the popular press related to our discussions. Materials used in this class, including, but not limited to handouts, exercises, cases, discussion questions, charts and graphs are copyrighted and may not be used for purposes other than the educational experience of this class without the written consent of the instructor.

Academic Integrity:
Students are expected to adhere to, and will be bound by, the University and School policies governing academic integrity. Compliance with the Honor Code is assumed at all times and under all circumstances. Although I cannot cover all the details of the application of the Honor Code to this course, I will mention a few areas and others are straightforward extrapolations.

Honor Code and Course Etiquette:
To ensure that there are not any misunderstandings, I have defined in this course syllabus the manner in which the course requirements are to be completed. The discussion in this syllabus, while intended to be as comprehensive as possible, may not cover all the expectations and requirements. If you believe something is unclear or has been omitted, please speak to me.

I have identified some of the key things I think you should expect from me, and some of the key things I expect from you.

You can expect that I will (1) arrive on time for class, (2) be prepared and organized for every class, (3) listen attentively, actively, and respectfully to whomever is speaking in class, (4) maintain equity in all course policies, (5) meet with you outside of class on an individual or group basis at a mutually agreeable time, and (6) respond to your suggestions to make this class more challenging, stimulating, and enjoyable.

I expect that you will (1) arrive on time for class, (2) complete the course assignments and be prepared for every class, (3) listen attentively, actively, and respectfully to whomever is speaking in class, (4) thoughtfully participate in class discussion, (5) refrain from activities that can distract other students such as chatting, checking email or browsing the internet during the lecture, and (6) suggest ways in which I can make this class more challenging, stimulating, and enjoyable.

If you are unable to attend a class, I expect you to notify me in advance, by e-mail.

Course Grading:
Your course grade will be determined as follows:

Midterm: 40%
Final Exam: 50%
The exams are open-book/notes.
Class Participation: 10%
Course Outline

Class #1: May 14, 2007
Course Introduction and Overview
Income Statement Analysis

Class #2: May 16, 2007
Accrual Accounting, Revenue and Income Recognition

Class #3: May 21, 2007
Cash Flow Analysis

Class #4: May 23, 2007
Ratio Analysis, Bond Ratings, Bankruptcy and Equity Risk

May 28, 2007 – Memorial Day, no class

Class #5: May 30, 2007
Inventories and Midterm Review

Class #6: June 4, 2007
Midterm Exam (in class)
Long Lived Assets and Depreciation, Intangible Assets

Class #7: June 6, 2007
Long term liabilities
Off-balance sheet Financing – Leases

Class #8: June 11, 2007
Leases
Securitization, Receivables Sales, Joint Ventures

Class #9: June 13, 2007
Income Tax reporting

Class #10: June 18, 2007
Pensions and other Post Retirement Benefits

Class #11: June 20, 2007
Pensions and current topics – Owners Equity, Stock options to employees, Investments in Other entities.
Summary and Review

Class #12: June 25, 2007
Final Exam (In class)