

NYU Tandon School of Engineering
Financial and Risk Engineering Department
Course fre 7003 - Financial Accounting and Analysis
Spring 2019
Professor Ingrid Marshall

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Office hours: by appointment

Course Pre-requisites:

Course Description This course provides a solid understanding of the creation and interpretation of modern financial statements. Topics include the reasons for financial statements, U.S. accounting principles and how they differ abroad, quality of financial information, financial ratios and their uses, cash-flow analysis, measurement of corporate performance. The course will also cover various methods of forecasting statements and an introduction to valuation.

Readings

The required text for the course is: *Financial Statement Analysis & Valuation*, 5e
Easton. McAnally. Sommers, Zhang
ISBN: 978-1-61853-233-6

** Additional Course Material: “Financial Accounting”
Dan Gode, NYU Stern

Course Structure

Quizzes	30%
Midterm	35%
Final	35%

Students should read the required chapter before class. Assigned problems will be reviewed at the start of the following class session.

GA:

e-mail:

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- **Midterm and Final Exam** are not cumulative. Everyone is required to take all quizzes and exams; there will be no make-up exams. If you miss a quiz or midterm exam for a documented illness or family emergency, the points from the missed exam will be added to the final exam. **If you miss the quizzes or midterm for any other reason, you will get a score of 0.** The questions on the exams will be similar to the homework problems and the problems that we have worked in class. If you have completed all the homework and the in-class problems you will have plenty of practice in the types of questions you can expect on the exams. The exams and the final cover all the material in the textbook that has been assigned as reading. All exams will be closed book. You will need to bring a calculator. Cell phone calculators are not permitted.
- **Grading:** The process of assigning grades is intended to be one of unbiased evaluation. If you feel that an error has been made in grading your test paper or in assessing an overall course grade, you may submit a request to have the grade re-evaluated. Please submit such requests in writing to me within seven days of receiving the grade, including a brief statement of why you believe that an error in the grading has been made.
- **Code of Conduct:** All students are expected to abide by the NYU Polytechnic School of Engineering Code of Conduct. (<http://engineering.nyu.edu/academics/code-of-conduct>)
- **Moses Center Statement of Disability:** If you are student with a disability who is requesting accommodations, please contact New York University's Moses Center for Students with Disabilities at [212-998-4980](tel:212-998-4980) or mosescsd@nyu.edu. You must be registered with CSD to receive accommodations. Information about the Moses Center can be found at www.nyu.edu/csd. The Moses Center is located at 726 Broadway on the 2nd floor.

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<u>Class</u>		<u>Chapter</u>	<u>Subject</u>
1		1	Introduction to Financial Statements, Accrual accounting and adjusting entries
		2	
2		3	Discussion of Profitability analysis, ROE,ROA,RNOA. Disaggregation of RNOA
3		4	Credit Risk measures, discuss credit ratings, bankruptcy prediction models and errors. Introduce concepts of liquidity and solvency.
4		5 Quiz 1 (CH 1-4)	Introduce revenue recognition, deferred revenue. Discuss uncollectible accounts receivable including aging, allowance and factoring. Begin discussion of cost of goods sold, operating expenses and segregated sections of the income statement.
5		6	Discuss inventory costing methods, gross profit analysis, and PPE, including depreciation, disposal and turnover.
6		7	Discuss various Liabilities, including estimated, contingent and bonds. Focus on reporting and effects on credit rating. Discuss management ability to reduce reported debt.
7		8 Quiz 2 (CH 5-7)	Introduce Owner Equity, including issuance, Treasury Stock, dividends, stock splits and AOCI. Begin discussion of EPS
8		9	Review investments in Marketable Securities. Compare reporting for Equity Investments. Introduce derivatives
		10	Discuss special liabilities, their statement effects. Define lease types, and pension options. Discuss deferred taxes and timing differences, If time: Appendix B Cash Flow Analysis
9		Midterm (CH 1-10)	
10		11	Begin analysis segment. Introduce forecasting methods for each statement. Discuss use of forecasted statement to predict NOPAT and cash flows.
11		12	Introduce steps in stock valuation, including cost of capital, risk and present value. Discuss CAPM, Multi-Factor and Dividend Discount models.**
12		13	Continue valuation discussion to include cash flow and DCF model. Begin discussion on Free Cash Flow **
13		14	Discuss valuation based on income, include ROPI model and steady state
		15	Discuss valuation based on market multiples.
14		Review	Continue valuation discussions. Review as needed.
15		FINAL	

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BE SURE YOUR CELL PHONE IS ON SILENT BEFORE THE EXAMS ARE HANDED OUT!