

ACCT 6102 Financial Statement Analysis

Executive Summary

CARLSON SCHOOL
OF MANAGEMENT
UNIVERSITY OF MINNESOTA

Course: ACCT 6102 Financial Statement Analysis
Credits: 2 credits
Prerequisites: MBA Student, MBA 6031 (previously MBA 6030)

Description

Firms communicate their results to various users through their financial statements. By developing an understanding about how companies report their economic transactions, financial statement users can better understand the results of those transactions. Financial statements tell the story of a firm and are the basis upon which business decisions are made, so users need the ability to properly analyze the financial statements in order to make accurate decisions.

Objectives

The course will address the following:

1. **Statement analysis** – how to decipher a firm's financial statements and footnotes to understand both the financial and strategic analysis of a firm's activities
2. **Earnings management** – how to detect where managers may move earnings up and down using various accounting tricks
3. **Profitability analysis** – how to decompose a firm's overall profitability into its key elements to determine whether a firm's success is sustainable
4. **Revenue recognition** – how to determine the specific conditions under which revenue is earned and recorded
5. **Operating activities** – how to analyze the strengths and weaknesses of a firm's core activities and their impact on the financial statements
6. **Investing and financing activities** – how to analyze the health and long-term impact of a firm's investing and financing activities

Learning Outcomes

By the end of this course, students should be able to:

- Evaluate how a firm's business strategy translates to the financial statements
- Recognize potential earnings management
- Decipher whether a firm's profitability is sustainable or unsustainable
- Understand revenue recognition rules and the potential for manipulation
- Articulate the general accounting rules regarding operating activities for a firm
- Evaluate how investing and financing activities affect a firm's health

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Students will demonstrate their understanding of the above through a combination of individual and group deliverables including individual homework assignments, individual case submissions, and a group case analysis.