

**Rutgers Business School - Newark and New Brunswick**  
**Prof. Suresh Govindaraj (Office: #934 Wash. SQ. Park, Phone: 973-353-1017)**  
**e-mail: - [suresh@business.rutgers.edu](mailto:suresh@business.rutgers.edu)**

**Financial Statement Analysis/Decoding (including Strategic Business Analysis, Corporate Mergers and Acquisitions)**

**Course Outline**

**Objectives**

The MBA program offers students good exposure to a wide variety of business subjects. Each class is taught by experts in the area, and the students learn the subject in great depth. However, given my own experiences in different business schools, I always found that the MBA curriculum lacked the one class which will bring together knowledge from diverse areas such as accounting, economics, finance, production and marketing to analyze and solve business problems. I noticed that while students understood the different subjects pretty well, they often could not see how they were connected, or how to integrate knowledge from different areas to analyze and solve business problems. Therefore, I decided to offer just such a class. This course has been developed and refined over the years partly based on the feedback and comments that I have received from the students in the EMBA and IEMBA program, from the regular MBA, and the part time MBA students here in the United States, and executives from overseas as well.

During the class, I will be providing you with practical tools and techniques that will enable you to understand and analyze the performance of any business corporation anywhere in the world – whether they are in manufacturing, retailing or services. This knowledge should serve you very well as you rise up the corporate ladder, start your own business, help you if you are running one, or even for your own investments (remember, even if you do not actively invest in businesses, your pension plans and retirement funds probably are invested in the different firms!).

We will be examining the annual reports from many different companies and see how to quickly analyze the corporation. You will learn to focus on the important information and separate hype from facts. You will be exposed to good and bad corporations, so that you will recognize quickly what they are in the future. We will try to understand the different corporate games that are commonly being played (Sunbeam, Satyam, among many others). We will also try and understand how “risky” a business is and whether a corporation can remain solvent in the future. Finally, you will be introduced to the important topic of structuring mergers and acquisitions.

The course is a mixture of qualitative and simple quantitative techniques that have already been taught in the other classes. One expectation from my side would be that you are comfortable with the core MBA material (accounting, finance, economics and marketing). I would also expect that you are keeping up with the latest business news and developments. Other than that, the only expectation would be that you are prepared to work to learn skills and tools that are highly

valued (and well paid!!) in the United States and the world over.

**Topics that will be covered in the class (outline of a syllabus)**

There are broadly four areas that I will cover:

- 1) Analysis and Decoding of Corporate Reports and Disclosures.
- 2) Risk Analysis.
- 3) Bankruptcy.
- 4) Special topics from Mergers and Acquisitions.

**Required Textbook:** Financial Reporting and Statement Analysis, by Wahlen, Baginski, and Bradshaw (7th edition).

The text will only serve as a guide. My lectures are the most important part of the learning experience. Supplementary cases, notes and other handouts to supplement will be given during the class or posted on the blackboard. You will also be assigned a group project so that you can learn and apply the techniques that we learn in class.

<u>Topics</u>	<u>Reading</u>	<u>Assignments (Cases &amp; Problems)</u>
Balance Sheet Income Statement	Ch.1	1.11, 1.13, 1.14
Income Flows vs. Cash Flows	Ch 3	3.16, 3.17, 3.19, 3.20
Income Flows vs. Cash Flows (continued)		
Profitability	Ch. 4	4.16, 4.17, 4.18, 4.19, Case 4.2 Part A
Intercorp. Invst.	Ch.7	7.20
Mergers & Acquisitions/ Topics in accounting, finance taxation in the context of mergers & acquisitions		Cases to be assigned
Quality of. Accounting Info	Ch.9	9.9, 9.10
Bankruptcy Models/Foreign Currency Transactions and Translations (if time permits)		

**Final Examination and Project due on the Last Day of class. The Project and the Exam will be equally weighted in assigning your grades.**

**Project: You will be assigned a group project on the first day of class.**