Class #6
“Turbo Accounting: Reading Financial Statements
Where Now?

Where have we been?
- Know how to value a company, but now we need to understand the financials (to get the numbers!)

Where Next?
- Today – Overview of Income Statement, and Balance Sheet.
- Next Two Classes: Detecting Accounting Manipulations
Components of Financial Statements

- MD&A, Letter to Shareholders
- Selected Financial Data
- What is meant by “Consolidated”
  - 1) Balance Sheet
  - 2) Statement of Income
  - 3) Statement of Cash Flows
  - 4) Statement of Shareholders’ Equity
- Footnotes
Where Next?

• Next Class – “How Companies Cook the Books”

• Readings:
  – Skim Course Reader pages 594-606 of Section (E) “The Quality of Current Earnings”.

• Handout Today: Sample Questions for Quiz #1