

## Financial Statement Analysis

## Financial Reporting Quality



## Exam Focus

- Reporting quality vs. earnings quality
- Conservative vs. aggressive accounting choices
- Motivations
- Disciplining mechanisms
- Non-GAAP measures
- Choices and estimates
- Warning signs

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## Reporting Quality

- Important for the analyst: reliability of the data we are using to forecast future, or assess current, position or performance
- Many examples down the years:
  - Saytam
  - Enron
  - Worldcom
  - Xerox
  - Freddie Mac
  - Lehman Brothers
  - Tesco
- Link [here](#)

### Review:

SchweserNotes

Schweser Module Videos

CFAI readings

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