

**Global MBA (BUS 624) Accounting for Decision-Making**  
**Shidler College of Business**  
**University of Hawai‘i at Mānoa**

**Term:** [Fall 2024](#)

Professor: You-il (Chris) Park, Ph.D.

**Times for 4 Tutorials:** 6 PM to 9 PM

Office: 808-956-7028

**Times for 15 Regular Sessions:** Thursday, 6 PM to 8:45 PM

Email: [youil@hawaii.edu](mailto:youil@hawaii.edu)

**Class venue:** [BusAd D103](#)

Office location: BusAd C402b

Office Hours: Thur, 9:00 AM –11:00 AM or by appointment

### **Course Description**

This course equips MBA students with the essential accounting tools to understand and interpret financial information, emphasizing its impact on capital markets, managerial decision-making, and corporate governance. This course will empower you to strategically utilize accounting information, enabling you to make sound decisions as an external stakeholder and an internal manager. Through active participation and diligent preparation, you will gain a comprehensive understanding of the multifaceted role of accounting in the business world.

### **Student Learning Outcomes**

By the end of the course, you will be able to:

- **Decipher and interpret** real-world accounting reports.
- **Appreciate how accounting information** is used by diverse stakeholders, including shareholders, financial analysts, and other capital market participants.
- **Understand how internal management** utilizes accounting data for strategic planning and decision-making.
- **Recognize the critical role** of accounting in establishing and maintaining effective governance and control within organizations.

### **Course Expectations**

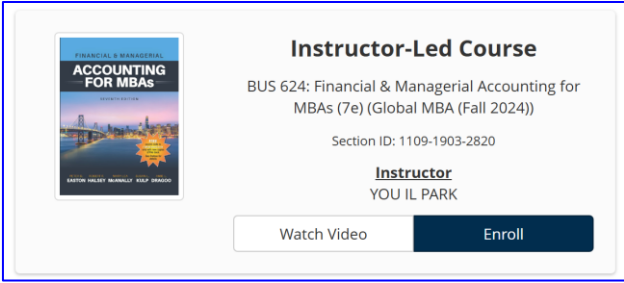
To maximize your learning experience:

- **Read in advance:** Come to class prepared by reading the assigned textbook chapter beforehand.
- **Attempt homework problems:** Start working on the homework problems in MyBusinessCourse before class to facilitate a more productive discussion.
- **Participate actively:** Engage in class discussions and be prepared for quizzes. Your attendance, participation, and quiz performance will contribute to your participation grade, which accounts for 10% of your final grade.

## Pre-requisites

To enroll in this course, you must complete the mandatory accounting tutorials or have successfully passed ACC 201 and 202 at the University of Hawaii at Mānoa or an equivalent course. If you have significant accounting experience, you may request a waiver of the tutorial from the Shidler Administrative Staff. However, you will need to pass an exam to demonstrate your proficiency in the subject matter.

## Course Materials

<p>Required Textbook</p>	<p><b>Financial &amp; Managerial Accounting for MBAs, 7<sup>th</sup> Edition</b> by Easton, Halsey, McAnally, Kulp, and Drago. Cambridge Business Publishers.</p> <p><b>To Access Your Course Materials in MyBusinessCourse</b>, you need to do the following steps:</p> <ol style="list-style-type: none"> <li>1. Visit <a href="https://mybusinesscourse.com/?code=1109-1903-2820">https://mybusinesscourse.com/?code=1109-1903-2820</a></li> <li>2. Click “<b>Enroll</b>”</li> <li>3. Create an account or login</li> <li>4. Enter the new book access code if you have purchased a physical copy or select “Purchase Access.”</li> </ol> <div data-bbox="578 919 1198 1199" style="border: 1px solid black; padding: 10px; margin: 10px auto; width: fit-content;">  </div> <p>If you have any issues accessing the course materials, please send an email to Cambridge Business Publishers’ support (<a href="mailto:customerservice@cambridgepub.com">customerservice@cambridgepub.com</a>) or call 800-619-6473.</p> <p>All students are required to have access to the (1) eBook (including <b>eLectures</b>) and (2) homework assignments.</p>
<p>Laulima</p>	<p>I will upload all class materials, including the syllabus, lecture slides (student version), and other relevant resources, to the “Resources” tab on Laulima as the course progresses.</p>

## Class Format and Evaluation

The course format will consist of out-of-class readings, in-class lectures, group assignments, and self-study homework problems. Student understanding and learning will be assessed through class participation and Presentation, homework assignments, quizzes, and exams. Any special arrangements to modify dates/times of quizzes or exams must be communicated in advance and will be granted according to university policy. A breakdown of the grading schedule is provided below:

<p>In-Class Contribution</p>	<p>10%</p>	<p><b>Active Participation:</b> Your active engagement matters for a successful learning experience. This includes:</p> <ul style="list-style-type: none"> <li>• Attending all class sessions.</li> <li>• Arriving on time for each session.</li> <li>• Coming prepared, having completed assigned readings, and any preparatory work.</li> <li>• Contributing meaningfully to class discussions, asking questions, and responding thoughtfully to prompts.</li> </ul> <p><b>Respectful Conduct:</b> Please be considerate of your fellow students by:</p> <ul style="list-style-type: none"> <li>• Refraining from using phones or engaging in online chats during class.</li> <li>• Avoiding eating during class sessions.</li> </ul> <p>If you attend all sessions on time and meet these expectations, you will earn 100% of your participation points.</p>
<p>Homework Assignments</p>	<p>10%</p>	<p><b>Homework Modules: 1-11 &amp; 15-21 (22-24 are for extra credit)</b></p> <p><b>Homework Deadline: 12/18/2024 (One day before the final exam)</b></p> <p><b>Homework Policy:</b></p> <ul style="list-style-type: none"> <li>• <b>Open Availability:</b> Homework assignments are available throughout the semester before the final exam. You can work on them at your own pace, but consistent progress is recommended.</li> <li>• <b>Printing:</b> You may print homework assignments if you prefer a physical copy.</li> <li>• <b>Accuracy Matters:</b> Your grade will be based on the accuracy of your answers.</li> <li>• <b>“Check” Feature:</b> The <b>Check</b> feature is available to provide immediate feedback on your answers (right or wrong). Use it strategically to identify areas needing further review.</li> <li>• <b>Grading:</b> <ul style="list-style-type: none"> <li>○ You have <b>one attempt</b> to submit each homework assignment.</li> <li>○ You can save your progress and return to complete the assignment later.</li> </ul> </li> <li>• <b>Feedback:</b> After submission, you’ll receive: <ul style="list-style-type: none"> <li>○ Correct/incorrect indicators for each question</li> <li>○ Your overall score</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ Correct answers with detailed explanations</li> </ul> <p><b>eLectures and Guided Examples:</b></p> <ul style="list-style-type: none"> <li>● Each chapter has accompanying “eLectures” for review and reinforcement.</li> <li>● Utilize the “<b>Guided Examples</b>” to practice problem-solving and gain confidence before tackling homework assignments. These examples are similar to homework questions, providing valuable practice opportunities.</li> </ul> <p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>● <b>Read assigned chapters beforehand:</b> This will significantly enhance your understanding of the homework problems and class discussions.</li> <li>● <b>Use the “Check” feature wisely:</b> Do not rely solely on it; aim to understand the concepts behind the answers.</li> <li>● <b>Watch guided example videos:</b> If you struggle with a homework question, consult the relevant guided example videos for step-by-step solutions.</li> <li>● <b>Do not procrastinate:</b> Start homework assignments early to allow ample time for questions and review.</li> <li>● <b>Remember:</b> Consistent effort and utilizing the available resources will lead to success in this course!</li> </ul>
5 Group Assignments	25%	<p><b>Group Assignments &amp; Presentations:</b></p> <ul style="list-style-type: none"> <li>● <b>Submission:</b> All teams must submit their completed group assignments by the specified deadlines (11:59 PM on the due date) to <a href="mailto:youil@hawaii.edu">youil@hawaii.edu</a>.</li> <li>● <b>Presentation:</b> <ul style="list-style-type: none"> <li>○ Each team will select ONE of the five assignments to present to the class.</li> <li>○ The presenting team must submit their presentation slides by the same deadline as their group assignment (11:59 PM on the due date).</li> </ul> </li> <li>● Each team will deliver a presentation to the class on ONE of the five assignments. Teams can choose which assignment they would like to present. For the presenting team, they should send their slide by the same deadline as their group assignment (11:59 PM on the due date).</li> </ul> <p><b>Assignment Schedule:</b></p> <ul style="list-style-type: none"> <li>● <b>Group Assignment 1 (Shidler Pacific Incorporated)</b> <ul style="list-style-type: none"> <li>○ <b>Deadline:</b> <a href="#">August 28 (Wed), 11:59 PM</a></li> <li>○ <b>Presentation:</b> Tutorial 4, August 29 (Thur)</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>• <b>Group Assignment 2 (Value Destruction and Financial Reporting Decisions &amp; The Misrepresentation of Earnings)</b> <ul style="list-style-type: none"> <li>○ <a href="#">Deadline: September 11 (Wed), 11:59 PM</a></li> <li>○ <b>Presentation:</b> Session 2, September 12 (Thur)</li> </ul> </li> <li>• <b>Group Assignment 3 (Fraud &amp; Next Nvidia)</b> <ul style="list-style-type: none"> <li>○ <a href="#">Deadline: September 25 (Wed), 11:59 PM</a></li> <li>○ <b>Presentation:</b> Session 4, September 26 (Thur)</li> </ul> </li> <li>• <b>Group Assignment 4 (HP, DELL, and non-GAAP)</b> <ul style="list-style-type: none"> <li>○ <a href="#">Deadline: October 9 (Wed), 11:59 PM</a></li> <li>○ <b>Presentation:</b> Session 6, October 10 (Thur)</li> </ul> </li> <li>• <b>Group Assignment 5 (Cat and Joe’s Pig Rig Case)</b> <ul style="list-style-type: none"> <li>○ <a href="#">Deadline: November 6 (Wed), 11:59 PM</a></li> <li>○ <b>Presentation:</b> Session 10, November 7 (Thur)</li> </ul> </li> </ul>
Discovering the “Next Nvidia” Project	15%	<p>Select a publicly traded company for a comprehensive financial analysis, focusing on a firm your team believes has the potential to become the “Next Nvidia,” based on news, books, YouTube, or personal experience. Each team will present their analysis to the class, after which students will vote on the most convincing Presentation. The students’ votes will carry 50% weight, and I will have a 50% weight in the final decision. More details are provided in the further down below in the syllabus.</p> <ul style="list-style-type: none"> <li>• <b>Company Selection (No Overlap):</b> please select your “Next Nvidia” company and email me your team’s choice by September 18 (Wed), 11: 59 PM</li> <li>• <b>Progress Check Presentation:</b> Session 12 (November 21, Thur)</li> <li>• <a href="#">Project Deadline: December 11 (Wed), 11:59 PM</a></li> <li>• <b>Presentation</b> by all teams: Session 14 (December 12, Thur)</li> </ul>
Midterm Exam	20%	<b>Modules 4-11 &amp; Team assignments</b>
Final Exam	20%	<b>Modules 15-24 &amp; Team assignments</b>

**Note on exams:** [All exams are open notes](#). You can also use any printed materials. All other electronic devices, including cell phones, should be turned off.

**Course Schedule and Class-by-Class Agenda**

\* The following schedule may be adjusted to enhance learning outcomes.

Class	Date	Pre-class reading assignment Assignment due
Tutorial 1	Mon, Aug 19	Module 1: Financial Accounting for MBAs

		Module 14: Managerial Accounting for MBAs <b>Find the 10-K filings for Apple, Nvidia, and HECO using the SEC Edgar website (see Appendix 1A (pages Ch. 1-27 to 1-30) of the textbook for instructions on how to use the website)</b>
Tutorial 2	Wed, Aug 21	Module 2: Introducing Financial Statements Module 3: Transactions, Adjustments and Financial Statements
Tutorial 3	Thur, Aug 22	Module 15: Cost Behavior, Activity Analysis, and Cost Estimation
Tutorial 4	Thur, Aug 29	Review and assessment of tutorial learning <b>Group Assignment 1: Shidler Pacific Incorporated (SPI) Case and Presentation</b> ○ <a href="#">Deadline: August 28 (Wed), 11:59 PM</a>
Session 1	Thur, Sep 5	Module 4: Analyzing and Interpreting Financial Statements <b>Discuss the “Next Nvidia” project company selections</b>
Session 2	Thur, Sep 12	Module 5: Revenues, Receivables and Operating Expenses <b>Group Assignment 2: Value Destruction and Financial Reporting Decisions &amp; The Misrepresentation of Earnings and Presentation</b> ○ <a href="#">Deadline: September 11 (Wed), 11:59 PM</a>
Session 3	Thur, Sep 19	Module 6: Inventories, Accounts Payable and Long-term Assets <b>Pick the “Next Nvidia” project companies (no overlap allowed)</b> • <b>Company Selection (No Overlap):</b> September 18 (Wed), 11: 59 PM
Session 4	Thur, Sep 26	Module 7: Current and Long-term Liabilities Appendix A at the end of the book <b>Group Assignment 3: Fraud &amp; Next Nvidia and Presentation</b> ○ <a href="#">Deadline: September 25 (Wed), 11:59 PM</a>
Session 5	Thur, Oct 3	Module 8: Stock Transactions, Dividends and EPS
Session 6	Thur, Oct 10	Module 9: Intercorporate Investments <b>Group Assignment 4: HP, DELL, and non-GAAP and Presentation</b> ○ <a href="#">Deadline: October 9 (Wed), 11:59 PM</a>
Session 7	Thur, Oct 17	Module 10: Leases, Pensions and Income Taxes Module 11: Cash Flows
Session 8	Thur, Oct 24	<b>Midterm Exam (Modules 4-11 &amp; Group Assignments)</b>
Session 9	Thur, Oct 31	Module 16: Cost-Volume-Profit Analysis and Planning Module 17: Relevant Costs and Benefits for Decision Making.
Session 10	Thur, Nov 7	Module 18: Product Costing: Job and Process Operations Module 19: ABC costing, customer profitability and ABM <b>Group Assignment 5: Cat and Joe's Pig Rig Case and Presentation</b> ○ <a href="#">Deadline: November 6 (Wed), 11:59 PM</a>
Session 11	Thur, Nov 14	Module 20: Additional topics in Product Costing Module 21: Pricing and Other Product Management Decisions
Session 12	Thur, Nov 21	Module 22: Operational Budgeting and Profit Planning Module 23: Standard Costs and performance reports <b>The “Next Nvidia” project progress check presentation</b>
No Class	Thur, Nov 28	Thanksgiving holiday
Session 13	Thur, Dec 5	Module 24: Segment Reporting, Transfer Pricing, and Balanced Scorecard
Session 14	Thur, Dec 12	<b>The “Next Nvidia” Project Presentation &amp; Vote</b> ○ <a href="#">Deadline: December 11 (Wed), 11:59 PM</a>
Session 15	Thur, Dec 19	<b>Final Exam (Modules 15-24 &amp; Group Assignments)</b>

**Important note:** As a guide, a minimum of three hours of study outside class for each hour in class is considered necessary. This translates to at least nine hours of focused study per week, in

addition to the time you allocate for completing homework and group assignments and preparing for your presentations. This will solidify your understanding and improve your performance. A significant investment of time each week is required to develop a thorough understanding of the material.

### **Teamwork and Peer Evaluation:**

- **Consistent Teams:** Your team composition will remain the same for the entire duration of the course.
- **Peer Evaluation:** At the end, you will **confidentially evaluate the contributions of each of your teammates**. This peer feedback will be a significant factor in determining your individual grade for team assignments.

**Peer evaluations within your team will directly impact your grade for team assignments.** For example, if your team earns perfect scores (100%) on all assignments, but your peers rate your contribution at 75% of their own, your grade for those assignments will be adjusted accordingly, resulting in 75% of the team's assignment scores.

### **Exam Requirements & Policies**

#### **Required Materials:**

- **Laptop:** Every student must bring their own laptop to the final exam.
- **Calculator:** A calculator will be necessary for certain calculations.

#### **Exam Format & Restrictions:**

- **Open-Book & Open-Notes:** You may reference your textbook and notes during the exam.
- **No Internet or Collaboration:** Internet access and any form of collaboration with others, except for homework and e-book access via MyBusinessCourse, are strictly prohibited during the exam.
- **No Make-Up Exams:** Make-up exams will only be granted in exceptional circumstances and require prior approval.
- **Medical Excuses:** Any absence due to illness must be supported by a doctor's note.

#### **Key Points to Remember**

- Ensure your laptop is fully charged and functioning correctly on exam day.
- Familiarize yourself with your notes and e-book beforehand for efficient reference during the exam.
- Avoid any actions that could be interpreted as cheating or collaboration.

Final grades will be determined using the traditional A, B, C, D, and F grading scale, with plus and minus modifiers included.

**Incomplete Status:** Regarding an 'incomplete' status, you must formally submit: (1) a request (no guarantee of approval); (2) justification for the request; and (3) an anticipated completion date for the course. Failure to meet these requirements will preclude you from receiving an 'incomplete' status, and your grade will be determined accordingly.

**Attendance: Attendance at all sessions within your registered sections is expected, and punctuality with thorough preparation is essential.** Each class encompasses substantial content, and comprehending each concept is pivotal for mastering subsequent material. Students who fall behind early in the course often encounter difficulties in catching up and achieving satisfactory performance. **Nonetheless, I am committed to assisting students who miss class due to valid reasons to the best of my ability.**

The University recognizes that certain emergency events are beyond students' control, such as illness, family emergency, bereavement, and specific religious observations that may result in a student's absence from course activity. Additionally, this course also recognizes conflicts that arise for students with regard to University-sanctioned athletic events and other competitions. All such events must be supported by proper documentation from an authorized professional or agency. Failure to notify the instructor on time that a class will be missed will be grounds for refusing to provide the student with a make-up assignment.

Absences for reasons other than those explicitly excused will be categorized as unexcused and will lead to a reduction in the course grade. Additionally, any missed graded assignments or activities will receive a score of zero without recourse to instructor discretion.

**Students are expected to be attentive during other student presentations.** The instructor may ask non-presenting students for their comments and questions on other group presentations. Your participation in these activities will make up a significant portion of this element of your grade.

**Active and respectful participation is expected in this course.** To ensure a positive learning environment for everyone, certain behaviors will result in **a reduction of your participation points.** These include:

- **Missing class or arriving late** without prior approval.
- **Disrupting or disrespecting** other students' questions or comments.
- **Sleeping** during class.
- **Leaving early** without prior approval.
- **Engaging in non-class-related activities** during class time, such as using your phone for unrelated purposes or doing work for other courses.
- **Having ongoing conversations** with classmates or via social media that are not relevant to the course material.

**Alternative Meeting Place:** In case of a disturbance during class time (e.g., bomb threat), meet the instructor in the grassy area on the south (makai) side of George Hall. You will be given further instructions at that point. On days of scheduled exams, you may be directed to a temporary classroom to take the exam.

## **Course Policies**



**Academic Honesty (UH Mānoa Student Conduct Code):** “The University expects students to maintain standards of personal integrity that are in harmony with the educational goals of this institution; to respect the rights, privileges, and property of others; and to observe national, state, and local laws and University regulations.”

**Make-up quizzes will not be accommodated unless arranged in advance or necessitated by a medical or family emergency.** Students requiring an alternative final exam schedule must obtain prior approval from the academic dean.

Shidler and SOA also have an Honor Code Policy. Please do not copy from another person’s homework, quiz, or exam. Please do not fail to cite sources of material that you have quoted or substantially paraphrased. Do not use unauthorized assistance. Do not hesitate to ask questions. Students are expected to behave with integrity in all academic endeavors. Cheating, plagiarism, and any other form of academic dishonesty are not tolerated. All incidents will be handled per the UH Student Code of Conduct. Please review the Student Conduct Code so you can make conscience and informed choices: [www.studentaffairs.manoa.hawaii.edu/policies/conduct\\_code/](http://www.studentaffairs.manoa.hawaii.edu/policies/conduct_code/)

Acts of dishonesty, types of behavior that conflict with the community standards that the UH values and expects of students, include but are not limited to the following:

1. Cheating, plagiarism, and other forms of academic dishonesty;
2. Furnishing false information to any UH official, faculty member, or office; and
3. Forgery, alteration, or misuse of any UH document, record, or form of identification.

The term “**cheating**” includes, but is not limited to: (1) use of any unauthorized assistance in taking quizzes, tests, or examinations; (2) use of sources beyond those authorized by the instructor in writing papers, preparing reports, solving problems, or carrying out other assignments; (3) the acquisition, without permission, of tests or other academic material belonging to a member of the UH faculty, staff or student (4) engaging in any behavior prohibited by a faculty member in the course syllabus or class discussion.

The term “**plagiarism**” includes, but is not limited to, **using another person’s published or unpublished work without full and clear acknowledgment**. It also includes the unacknowledged use of materials prepared by another person or agency engaged in selling term papers or other academic materials. In addition to the above, the instructor prohibits the following behaviors explicitly and includes them within the definition of academic dishonesty: (1) providing another student with any form of direct or indirect, unauthorized assistance on any assignment, quiz, test, or exam; and (2) copying, or recording in any manner, test or exam questions or answers.

Please NOTE that UH disciplinary proceedings can be instituted against a student charged with conduct that potentially violates both the criminal law and this Student Conduct Code (that is, if both possible violations result from the same factual situation) without regard to the pendency of civil or criminal litigation in court or unlawful arrest and prosecution.

If a student is caught committing an act of Academic Dishonesty, he or she will receive a grade of “F” for the course and be referred for disciplinary action as provided by the University Student Conduct Code.

**Withdrawal/Drop Policy:** Review Shidler College information for the last day to drop without a “W” and the last day to withdraw with a “W.” If a student stops attending class and does not drop the course, a grade of “F” will be assigned at the end of the semester. The student has the responsibility to withdraw from the course.

**Statement on Disability:** The University of Hawai‘i at Mānoa is committed to a policy of non-discrimination and provides equal access to its programs, services, and activities to students with disabilities. If you have a disability and related access needs, please contact the *KOKUA* Program (UH Disabled Student Services Office) at 808-956-7511, [kokua@hawaii.edu](mailto:kokua@hawaii.edu), or go to Room 013 in the Queen Lili‘uokalani Center for Student Services. I will work with you and *KOKUA* to meet your access needs based on disability documentation.

**TITLE IX:** The University of Hawaii is committed to providing a learning, working, and living environment that promotes personal integrity, civility, and mutual respect and is free of all forms of sex discrimination and gender-based violence, including sexual assault, sexual harassment, gender-based harassment, domestic violence, dating violence, and stalking. If you or someone you know is experiencing any of these, the University has staff and resources on your campus to support and assist you. Staff can also direct you to resources that are in the community.

- If you wish to remain *ANONYMOUS*, speak with someone *CONFIDENTIALLY*, or would like to receive information and support in a *CONFIDENTIAL* setting, contact the confidential resources available here:

<http://www.manoa.hawaii.edu/titleix/resources.html#confidential>

- If you wish to **REPORT** an incident of sex discrimination or gender-based violence, including sexual assault, sexual harassment, gender-based harassment, domestic violence, dating violence, or stalking, as well as to receive information and support, contact:

**Dee Uwono**

Director and Title IX Coordinator  
2500 Campus Road, Hawai‘i Hall 124  
Honolulu, HI 96822  
(808) 956-2299  
[t9uhm@hawaii.edu](mailto:t9uhm@hawaii.edu)

- As a UH faculty member, I must immediately report any incident of sex discrimination or gender-based violence to the campus Title IX Coordinator. Although the Title IX Coordinator and I cannot guarantee confidentiality, you will still have options about handling your case. My goal is to ensure you know the range of options available to you and access the resources and support you need. For more information regarding sex discrimination and gender-based violence, the University’s Title IX resources, and the University’s Policy, Interim EP 1.204, go to <http://www.manoa.hawaii.edu/titleix/>

---

## Discovering the “Next Nvidia” Project

---

**Company Selection (No Overlap):** please select your “Next Nvidia” company and email me your team’s choice at [youil@hawaii.edu](mailto:youil@hawaii.edu)

- **Deadline:** September 18 (Wed), 11:59 PM
- **Task:** Identify a publicly traded company that your team believes has the potential to be the “Next Nvidia” - a high-growth, innovative company. You may draw inspiration from sources such as news articles, books, YouTube videos, or personal experience.

**Project Overview:** Choose a publicly traded company for a comprehensive financial analysis, focusing on a firm your team believes has the potential to become the “Next Nvidia,” based on various sources such as news, books, YouTube, or personal experience. For example, consider Elon Musk’s prediction in this [YouTube video](#).

- **Submission Deadline: December 11 (Wed), 11:59 PM (the report and the presentation slides)**
- **Presentation: Session 14, December 12 (Thur)**
- **Final Grade Determination:** Each team will present their analysis to the class during the in-person session. Your final grade for the project will be determined as follows:
  - **Student Votes (50%):** Each student will vote for their favorite presentations (**excluding their own team’s**). These votes will contribute 50% to the final grade.
    - **Top-Rated Firm:** 100%
    - **Second Place:** 95%
    - **Third Place:** 90%
    - **Fourth Place:** 85%
    - **Least Favored Firm:** 80%
  - **Instructor’s Assessment (50%):** The instructor will evaluate each team's written reports and presentation, contributing the remaining 50% to the final grade.

### Project Guidelines:

1. **Company Selection:** Choose a publicly traded company.
2. **Documents to Obtain:** Acquire the most recent 10-K, 10-Q, and proxy statements using the EDGAR database or the company’s website. Also, gather analyst reports, press releases, and information about competitors and the industry.
3. **Industry Averages:** Obtain industry averages for ratios and common-size financial statements.

**Purpose:** Financial statements and disclosures provide critical information to external investors, creditors, and regulators about a company’s performance. Investors seek profitability comparisons to industry peers and management effectiveness, creditors assess the firm’s ability to repay debt, and regulators ensure compliance with laws and protections for the public. This assignment will teach you how to gather, organize, and analyze financial statement information to understand a

company's profitability, liquidity, solvency, and overall performance over time and relative to its industry peers.

### **Project Requirements:**

1. **Ratio and Financial Statement Analysis:** Using the guidelines in chapters 4-11 of your accounting text, prepare a set of ratios and common-size financial statements for the last three fiscal years of your selected company. This should be approximately a 3-page tables.
2. **Industry Comparison:** Obtain industry averages and incorporate these into the tables created in step 1.
3. **Disclosure Analysis:** Write a maximum 2-page analysis interpreting and commenting on the firm's footnote disclosures and other information from the 10-K and Proxy Statement, as per chapters 5-11. Ensure this analysis is original and not copied from published material.
4. **Overall Financial Analysis:** Prepare a maximum 5-page analysis of the firm's profitability, turnover, liquidity, and solvency, comparing its performance over time and against industry averages. Consider analyst reports and other relevant business information. Conclude with your personal assessment of the firm's potential as an investment, credit risk, or employer.
5. **Submission:** One group member should email the final report (a maximum of 10 pages) and presentation slides to me at youil@hawaii.edu by 11:59 PM on December 11 (Wed), the day before the presentation.

### **Additional Guidance & Advice**

Throughout the course, we'll discuss financial statement analysis concepts that directly relate to your project. Feel free to bring your firm's financial statements to class and actively work on the project as we cover each chapter. This approach will significantly enhance your learning, streamline the project workload, and positively impact your grade.

- **Be prepared to share your findings and insights about your chosen company during Session 12 (November 21, Thur) for the progress check presentation.**

### **Chapter-Specific Analysis**

- **Chapter 4: Industry Analysis and Common-Size Financial Statements**
  - Utilize the UH Manoa Hamilton Library website to access industry averages and other valuable resources for benchmarking your company against its peers.
  - Create spreadsheets to calculate common-size financial statements and ratios for the past three years.
  - Include a column for industry averages in your spreadsheets for comparison.
  - Analyze trends and identify the major expense categories for your company.
  - Calculate pre-tax and after-tax profit margins.
  - Break down Return on Equity (ROE) into its three components: Return on Assets (ROA), Profit Margin, and Leverage.
  - Determine if your company's profitability is driven by margins or volume.
  - Assess its capital intensity and leverage levels.
- **Chapter 5: Profitability and Operating Ratios**
  - Compute key profitability and operating ratios for the past three years.

- Identify trends and compare your company's performance to industry benchmarks.
  - Determine the primary sources of revenue and understand the company's revenue recognition policies.
  - Calculate the R&D spending ratio.
  - Analyze any unusual/extraordinary items or discontinued operations on the income statement.
  - Determine the income tax expense percentage.
  - Examine the Tax footnote to identify permanent and temporary differences that create deferred taxes.
  - Assess if the company has any foreign currency translation adjustments.
- **Chapter 6: Liquidity and Turnover Ratios**
    - Calculate liquidity and turnover ratios for the past three years.
    - Analyze trends and compare them to industry standards.
    - Understand the nature of the company's accounts receivable and assess the adequacy of its allowance for doubtful accounts.
    - Determine the collection period for accounts receivable.
    - Examine the nature of inventory and the costing method used for valuation.
    - Assess the company's capital intensity and fixed asset turnover ratio.
    - Identify the depreciation methods used.
- **Chapter 7: Solvency Ratios**
    - Compute solvency ratios for the past three years.
    - Identify trends and compare them to industry norms.
    - Review the debt footnote to determine interest rates, the presence of interest rate swaps, and upcoming long-term debt maturities.
    - Research the company's credit rating.
- **Chapter 8: Stockholders' Equity**
    - Identify the classes of stock the company has and describe their key characteristics (par value, issued and outstanding shares, cumulative features, etc.).
    - Determine if the company issued stock or repurchased treasury stock during the year. If so, understand the accounting method used for treasury stock.
    - Assess if the company paid cash dividends or issued stock dividends/stock splits.
    - Calculate return on equity, payout ratio, and dividend yield for the past three years.
    - Compute the book value per share and compare it to the market value at the most recent year-end.
    - Analyze the company's stock compensation plans.
- **Chapter 9: Investments and Intangible Assets**
    - Identify the reporting entity and the number of consolidated entities.
    - Determine if the company has investments accounted for using the equity method.
    - Review the investments footnote to understand the amounts classified as trading, available-for-sale, and held-to-maturity securities.
    - Assess if the company has intangible assets and how they are valued.

- **Chapter 10: Leases and Other Long-Term Liabilities**
  - Determine if the company has capital or operating leases and their five-year maturity schedule.
  - Examine the types of retirement and post-retirement benefit plans offered and their funding status.
  - Identify any special purpose entities and whether they are consolidated.
  - Statement of Stockholders' Equity
  - Analyze the components of other comprehensive income.
  - Identify any new information not previously encountered in other financial statements.
  
- **Chapter 11: Statement of Cash Flows**
  - Identify significant non-cash operating expenses and any income/revenue items that don't generate cash.
  - Analyze the primary investing and financing activities of the company.
  
- **Additional Analysis and Conclusion**
  - Review any remaining footnote disclosures and seek clarification on any unclear items.
  - Identify the company's auditors and determine if there have been any auditor changes in the past three years.
  - Assess if the company received an unqualified opinion on internal controls and financial statements.
  - Review recent financial news about your company and check their website for any updates or analyst presentations.
  - Identify any significant events or surprises since the last year-end.
  - Conclude your analysis by answering these key questions:
    - Would you invest in this firm?
    - Would you like to work for this firm?
  - Is this firm truly a potential "Next Nvidia"?
  
- To support your analysis, please utilize the following resources:
  - **Analyst Reports, Industry Databases, & Financial News:** Leverage these resources to gain insights into your chosen company and its industry.
  - **UH Manoa Hamilton Library Electronic Databases:**
    - Access the library's electronic databases through the subject matter index under "Business."
    - Specifically, explore Mergent Online for company and industry information, including analyst reports and financial ratios.
  - **Additional Online Resources:**
    - [Morningstar Analyst Reports](#)
    - [Moody's Ratings](#)
    - [S&P Global](#)
    - U.S. GAAP vs. IFRS:
      - [IAS Plus](#)
      - [IFRS Foundation](#)
    - [NYSE](#)
    - [NASDAQ](#)

- [SEC Filings](#)