

MBAD 7090  
Project Assignment  
Chapter 7

1. Summarize your project company's revenue and expense recognition policies and any critical estimates that are made in this process.
2. Compute EBIT and EBITDA for your company for the most three recent years.
3. Prepare a graph of Net Income, EBIT, and EBITDA. Comment on anything unusual that the graph reveals.
4. Review your company's income statement and also the results of operations section of MD&A and discuss any reported and unreported nonrecurring items.
5. Prepare a schedule that reconciles Net Income and Comprehensive Income for your company.
6. Review the investor relations section your project company's website looking for press releases that discuss earnings announcements in the past year. Does your company report earnings on a pro forma basis in these releases? If so, what are the difference between net income and the pro forma amounts reported?
7. Compute Free Cash Flow and CFO/Total Liabilities for your project for the three most recent years. Indicate whether the ratio is improving or declining.
8. Compute Operating Cash Flow per Share for the three most recent years. Compare these amounts to reported Basis Earnings per Share and explain any unusual differences between the two.
9. Compute Cash Flow Adequacy for your company (using a three year window) and comment on what it means.
10. Determine a competitor to your company and perform the following analysis
  - a. Compare the financial statements and comment on differences in items reported, level of detail, and format
  - b. Compare accounting policies and critical account estimates noting similarities and differences