

MBAD 7090
Project Assignment – Chapter 8

1. What amounts of cash, cash equivalents, and debt/equity investments does your company have? List each item, what category, cost, fair value, and any unrealized holding gains/losses were reported in the past year. Why do you think your company has these investments? (Make sure to review MD&A “Financial Condition” section as you answer this question.) Have these amounts as a percentage of total assets changed recently? Why?
2. What portion of your company’s assets is inventory? Has this amount changed recently? Why? What inventory method(s) does your company use? Why do you think they use this method?
3. What portion of your company’s assets are PP&E? Has this amount changed recently? Why? What depreciation methods does your company use? Calculate the following ratios for the most recent year: Average Asset Age, Average Age %, and Average Depreciable Life. Do these amounts make sense based on any disclosures and your understanding of the company?
4. What is the breakdown of your company’s tax expense between current and deferred taxes? What is your company’s effective tax rate? What are the major reconciling items between the effective tax rate and the statutory rate? What are the major sources of deferred taxes for your company? Calculate the following ratios for the two most recent year: Taxes Payable Rate and Taxes Paid Rate.
5. Does your company have any significant leases? If so, summary the type of assets under lease, the types of leases, and the project lease payments for the next five years.
6. Does your company disclose any SPEs or VIEs? Do you understand what your company is trying to accomplish by forming these entities?