**Chapter 1 WWW Cases**

**Case 1-8 Evolution of Accounting Standards**

The authority to issue accounting pronouncements has evolved overtime.

*Required:*

1. Discuss the rule making bodies involved in issuing accounting pronouncements since the 1930s.
2. SEC *Accounting Series Release (ASR No. 4)* allowed accounting principles to be set in the private sector. ASR No. 4 also indicated that reports filed with the SEC must be prepared in accordance with accounting principles that have “substantial authoritative support.” Define substantial authoritative support.
3. How are accounting standards enforced?

**Case 1-9 International Issues**

Many companies have a significant amount of sales in foreign markets.

*Required:*

|  |  |
| --- | --- |
| Compare the current period sales and net income from U.S. and non-U.S. sales for the following companies. Note any significant differences between the companies. Financial statements can be located on the company websites given. Which company has the largest portion of its sales in the United States? Which has the largest portion of its profits in the United States?  Company |  |
| Ford Motor Company |  |
| General Motors Corporation |  |

**Case 1-10 International Accounting Standards**

Microsoft Corporation presents its income statement in a variety of formats using both the currencies and the accounting practices of other countries in the “Analysis Tools” area of the investor section of their website (www.microsoft.com/msft/tools.htm). Compare the U, S., Canadian, UK, and Australian income statements. What features of the non-U.S. statements do you think are improvements on the U.S. statements? What features did you find to be confusing?

**Financial Analysis Case**

Each chapter contains a financial analysis case. For each of these cases, you will be asked to apply some of the principles of financial analysis that were introduced in the various chapters. For Chapter 1 the first assignment is to pick a company to analyze for the entire semester. It is suggested that you choose a Fortune 500 manufacturing or merchandising company so that all of the ratios discussed in subsequent chapters can be calculated.

*Required:*

After choosing your company, log onto the SEC Edgar Form Pick website (http://www.sec.gov/edaux/formlynx.htm). Type your company name in the company name box and find the latest 10-K report for the company you have selected. Answer the following questions:

a. What is the company’s conformed name?

b. What is the company’s standard industrial classification?

c. What is the company’s state of incorporation?

d. What is the company’s fiscal year-end?

e. What is the company’s business address?

f. What is the company’s telephone number?

g. On which stock exchange(s) is the company’s stock listed?

h. Summarize the company’s business operations as discussed on the Cover Page in part I of the company’s 10-K.

i. Who are the company’s major competitors? (Found under competitive position in part

j. Choose two of the company’s competitors to use for comparative analysis purposes and print the latest 10-K reports for these two companies. You will need these reports for the cases in each of the remaining chapters.