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A SURVEY OF FINANCIAL ACCOUNTING REPORTING

By

James Haden Robbins

A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of the requirements of the Sally McDonnell Barksdale Honors College.

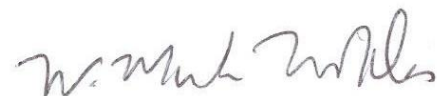
Oxford, MS

May 2021

Approved By



Advisor: Dr. Victoria Dickinson



Reader: Dean W. Mark Wilder

DEDICATION

Dedicated to James Alton Robbins Jr. for his intellectual curiosity and motivation to continuously improve himself, and his desire to pass those traits down to his children.

ACKNOWLEDGEMENTS

Ms. Louis Burney, for her instruction in Accounting 201 and 202 that led me down the road I am on. Her teachings motivated me to pursue an academic career in accounting.

Dr. Vicki Dickinson, for the commitment she displays to her students. Her advice throughout the recruiting process helped me tremendously. Without her, I would not have the privilege to be able to graduate from the Sally McDonnell Barksdale Honors College.

Dr. Morris H. Stocks, for the guidance through Intermediate accounting, which set the foundation for understanding the language of business.

My Parents, Mr. and Mrs. James Robbins, for sacrificing the last twenty-two years of their life to ensure my success. Without their support and wisdom, I would not be where I am today. Words can not describe my gratitude for their sacrifices.

My Sisters, Allie and Lydia Robbins, for showing me what academic excellence looks like. They set a high standard and that has motivated me to do the same. In addition, their support and love has always helped me in my times of need.

ABSTRACT

This thesis takes a survey of key accounting issues and concepts addressed in financial accounting reporting. Accountancy majors of the Sally McDonnell Barksdale Honors College were given an opportunity to complete their thesis before their internship during senior year by taking two classes over junior year. This thesis was constructed under the guidance of Dr. Vicki Dickinson. The thesis itself is a compilation of twelve different cases, and each case studies various areas of the accounting and business environment.

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CASE 1: A TALE OF TWO CITIES

ATLANTA VS. NASHVILLE

by James Haden Robbins

September 24, 2019

Introduction

This case study required me to analyze and collect data on my top two cities in order to determine which city I prefer. I choose to analyze Atlanta, GA and Nashville, TN. I was born in Nashville. I had grandparents that lived in Nashville so I am familiar with the city. I was raised north of Atlanta in Cumming, GA. I frequently commuted to Atlanta for various activities growing up. Atlanta is the city I am most familiar with. My family moved to Oxford, MS three years ago. As an accounting student I plan to do an internship during the second semester of my senior year. The city I choose to do this internship is likely the same city I will return to after college, so this decision is going to have a large impact on my life. This case required me to analyze aspects of this decision I would have never thought about had it not been for this case. There were seventeen questions in this case that required explanation. I choose to compare both cities side-by-side. Some questions were answered with factual information, while some were answered with opinion-based responses. This case prompted me to think about specific aspects of the decision such as where specifically I would live within each city. How much I would pay for rent? What would my commute look like? What activities would I get involved in? I learned that there are many variables that affect the decision of choosing a new home. I was forced to think of the needs and wants of not just me but possibly my future family and what that might look like in each city. I looked at diversification among industries in each city. I learned that Atlanta and Nashville are extremely similar on paper when you analyze facts and numbers. I am thankful that I have spent lots of time in each city. Without having spent time in each city my decision would have been much more

difficult. Allowing myself to research these questions has enabled me to think more broadly about where I see myself in the early years of my professional career.

Population

The city of Nashville is approximately 690,000, whereas the metropolitan area is estimated to be around 1.75 million. The city of Atlanta is approximately 490,000, but the metropolitan area is approximately 5.9 million. Population within both cities is relatively similar, but Atlanta has a much larger population that commutes into and out of the city every day.

Seasonal Fluctuations

Nashville and Atlanta have temperate climates, and typically experience warm humid summers and cool moderate winters. Having lived in both of these cities, I feel extremely comfortable with the climate of each.

Topography and Scenery

Atlanta is located in the north central part of the state. The foothills of the North Georgia Mountains lie just north of Atlanta. In the fall when the leaves turn colors many people flee the city to absorb the beauty of the trees in this region. The Chattahoochee River flows through the outskirts of the city to the Northwest. Below is a picture of the leaves changing colors in the fall in the North Georgia Mountains.



Nashville is located in the north central part of the state. The Cumberland River flows directly through the heart of the city providing a great atmosphere for outdoor exercise. The Appalachian Mountains lie to the east of Nashville. In my opinion, Atlanta and Nashville have different but similar topography. Below is a picture of the Cumberland River and the Nashville skyline.



Tax Rates

The following information is calculated based on an annual income of \$55,000. Total income tax living in Atlanta total to 22.33%. Federal tax rate totals 9.82%, FICA totals 7.65%, and state tax totals 4.86%. There would be no local tax living in the city.

My take home pay would be \$42,721. Total income tax living in Nashville totals 17.47%. Federal tax accounts for 9.82%, and FICA accounts for 7.65%. Take home pay totals \$45,393. Tennessee has no state or local income tax, but they make up the difference through sales tax and property tax.

Transportation

Atlanta is known as the transportation hub of the southeast mainly due to Hartsfield-Jackson Atlanta International Airport. From Hartsfield-Jackson I could be anywhere I wanted most likely without a connecting flight. Ground transportation consists of MARTA (Metro Atlanta Rapid Transportation Authority). Nashville International Airport would be sufficient but is not as large as Hartsfield-Jackson. Currently Nashville lacks a public transportation system like MARTA. I don't see myself using public transportation in either city so that does not affect me.

Major Industries and Companies

Major industries in Atlanta are; financial services, technology, telecommunications, healthcare, logistics, film and television. The five largest companies headquartered in Atlanta are Home Depot, UPS, Coca-Cola, Delta Airlines, and the Southern Company.

The most common industries in Nashville include; Insurance, Technology Manufacturing, Tourism, Healthcare Management, Music productions, and tourism. The five largest companies in Nashville are HCA Holdings Inc., Community Health Systems, Dollar General, Tractor supply Co., and LifePoint Health. Personally, I would rather

work with companies that I am familiar with. For this reason, I would prefer to work with the companies in Atlanta.

Healthcare

Atlanta is home to Emory University Hospital. Emory University Hospital is possible the best all-around hospital in the southeast. Nashville is home to Monroe Carell Jr. Children's Hospital at Vanderbilt, which was ranked among the nation's top children's hospitals. Atlanta and Nashville have sufficient healthcare systems to satisfy my needs.

Education

If I were to live in the city of Atlanta I would send my children to private school. The public school systems in Atlanta does not meet my expectations. However, there are some excellent private schools. Nashville is in a similar position. Like any big city, it's going to be hard to find great public schools. I want my children to receive the best education possible. If I were to still be living in either of these cities my children would attend private schools. I want to note that I do not plan on raising a family in the city. When that time comes I plan to move to the suburbs and commute to work. The suburbs outside of Nashville and Atlanta have great public school systems if you find the right area.

Crime

Atlanta has a crime rate of 61 per thousand residents. Atlanta is the 13th most dangerous city in the United States. The areas in Atlanta to avoid are; Old Fourth Ward, Kirkwood, Castleberry Hill, Washington Park, Edgewood, and East Atlanta village.

Nashville has a crime rate of 52 per thousand residents. Nashville is the 15th most dangerous city in the United States. The areas to avoid are; College Heights-Clifton, Hadley Park, Cumberland Gardens, and Osage-North Fisk. The crime rate between these two cities are very similar. I believe Nashville and Atlanta both have extremely safe areas as well as areas that can be dangerous.

Rent

In Atlanta I would likely want to live in Midtown or Buckhead. I would prefer to have at least one roommate. I would expect to be paying around \$2500 for a two-bedroom 1050 square foot apartment. This two-bedroom unit at Ascent Midtown is for lease. Amenities include parking, washer, dryer, and a gym.



In Nashville I would likely live in The Gulch which is located between Music Row and Midtown. Many young professionals live in this area. In Nashville I would expect to pay slightly more for a two bedroom apartment. Generally, most of the options that I found are around \$2600. This particular unit at The Morris is 1053 square feet, and costs \$2580 per month. All the amenities I want are included (washer, dryer, parking, gym).



Commute to work

In Atlanta I would have to drive to work. Typical commute times accounting for traffic would take 10 -15 minutes. Midtown is approximately 2.5 to 3.5 miles away from all the big four firms.

In Nashville I would likely walk to work when it is pretty outside. The commute from the apartment I found is only .7 miles from the KPMG and .8 miles from Deloitte. I would have to drive to any other firms being that the next closest big four firm is nearly 1.5 miles away.

Grocery Shopping

In Atlanta I will likely buy groceries at Publix in Midtown. In Nashville I will likely buy groceries at H.G. Hill Urban Market, or Trader Joes.

Laundry

I will not live somewhere in Atlanta or Nashville that does not have washer machine and dryers on site. I will likely use the nearest dry cleaner for my formal attire.

Active Community Participation

In Atlanta I would plan on getting involved within Passion City Church. Through the church there are various charitable organizations that they are partnered with. I also want to get involved with a volunteer organization called Hands On Atlanta. I would have plenty of opportunities on the weekend to donate time to help make a positive impact on Atlanta's youth grade k-5. In addition to Hands On Atlanta, I want get involved in the Atlanta Habitat Young Professionals group. I like their mission and their goals as well as the benefits I would receive from meeting other like-minded individuals in my age group.

In Nashville I would plan on joining Nashville First Baptist Church. I also would want to get involved in the Nashville Ducks Unlimited chapter. There I think I could find a group of people outside of work that enjoy the same hobbies as me. Finally, I would also join Hands On Nashville. I really like this organizations direction, and I want to be involved in giving back through Hands On regardless of which city I choose.

Sports, Entertainment and Recreational Activities

In Atlanta I would enjoy the professional sporting events that go on throughout the year. The Atlanta Falcons recently started playing in the brand new Mercedes Benz stadium. The Atlanta Braves also just started playing in SunTrust Park. This stadium provides a beautiful and entertaining spot to watch baseball games in the spring. In the winter I would attend a few of the Atlanta Hawks games. There is a men's recreational baseball league that plays in piedmont park on the weekends that would be a great way to meet people and exercise. Finally, I would attend concerts at various venues in the city.

In Nashville I would attend the Tennessee Titans professional football games in the fall. In the winter I would attend the Nashville Predators professional basketball games. I would also like to get involved in recreational men's sporting leagues to meet friends. In Nashville music would be a major source of entertainment. I love country music, and Nashville is the home of country music. I want to see my favorite artist perform at The Grand Ole Opry. There are many other venues and bars that offer a great atmosphere to watch artist perform.

Traveling Home

I would drive home to Oxford, MS from both cities. Nashville is a 4 hour drive with relatively little traffic. Atlanta is a 5 and ½ hour drive with moderate traffic depending on the time of travel. Atlanta would cost \$120 in gas expenses (2 tanks at 26 gallons). Nashville would cost \$90 in gas expenses (1.5 tanks at 26 gallons). I greatly prefer the drive home from Nashville over the drive from Atlanta.

Operating Budget

Atlanta

Monthly Income Before Income Tax	\$5000	60,000/12 months
Income Tax	-1172	Federal, FICA, State
Rent Expense	-1250	2500/2
Groceries	-240	Two trips, 120 a trip
Utilities	-200	
Entertainment/ Eating out	-1200	\$40 per day x30 days
Gas	-180	3 tanks (1 tank for traveling 2 for work)
Income for Savings	\$758	

Nashville

Monthly Income Before Income Tax	\$5000	60,000/12 months
Income Tax	-925	Federal, FICA
Rent Expense	-1300	2600/2
Groceries	-240	Two trips, 120 a trip
Utilities	-200	
Entertainment/ Eating out	-1200	\$40 per day x30 days
Gas	-220	3.5 tanks (1.5 tanks for traveling home 2 for work)
Income for Savings	\$915	

Conclusion

After analyzing the data collected, I would prefer to live in Nashville, TN. I believe that I will be a happier person in Nashville. I will be closer to my family and my friends. I also believe Nashville is going to improve as a city as well as a business district. I think that Atlanta has too much traffic and in general too many moving parts for me to be happy there. I like that my theoretical budget allows more income for savings in Nashville. I also would prefer raising a family in Nashville over Atlanta. All things considered, I believe Nashville would be a better fit for me.

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CASE 2: EXCELL CRASH COURSE



*The Board of Directors of the
Corporate Finance Institute® have conferred on*

James Robbins

*who has pursued studies and completed all the
requirements for the certificate of*

Excel Crash Course

*with all the rights and privileges
pertaining to this certificate.*



*Certificate number
13845649*

Tim Vipond
Chair of the Board

Scott Powell
Director

Lyn Dorian
Director

Oct 1, 2019

CASE 3: BREXIT

by James Haden Robbins

October 6, 2019

Introduction

In this case study I intend to discuss multiple viewpoints involved in the Brexit decision. In addition, I also discuss the possible outcomes of what's to come in the next several weeks leading up to the Brexit deadline. I learned so much more than I thought I knew about the EU. I learned that the EU is much more powerful than I expected and is extremely involved in regulating modern Europe. I learned what the EU does well and in contrast, what it could do better. The EU is so much more than a trade or travel union. It is essentially its own central government over all member nations. Some people believe that having the EU in place is promoting a stronger Europe. I compared countries of different economic capacities to establish which countries are benefitting the most. I found that prosperous countries like the United Kingdom, France, England, and Germany are supporting countries that do not have strong economies. I found that there is not one specific reason most people support Brexit. Rather, a collection of reasons that people believe in. I think that most Brexit supporters believe that the EU has too much power and control. The vast majority of Brexit supporters believe that deregulation would benefit the UK. Analyzing each situation has forced me to think about different government actions and what I believe to be correct. I now have a deeper understanding of government in general. I also have gained knowledge on foreign economies, as well as policies, that will benefit me in the future. I learned the power of globalization, and how truly dependent and interconnected we all are as world citizens.

Origin

The European Union originated from the European Economic Community and the European Coal and Steel Community. These Post WWII organizations were formed in 1950's originally intended to secure lasting peace. The United Kingdom joined the European Economic Community in 1973. In 1993 the European Union (EU) was established when the Maastricht Treaty came into force. The European Union is a political and economic union that consists of 28 European countries. The European Union was intended to promote peace, freedom, security, and justice without internal borders. The EU allows free movement of citizens between nations to live and work where they please. In addition, it allows free trade amongst member nations. The United Kingdom has been debating a referendum since the idea was introduced. On June 23, 2016, a referendum was held to decide if the UK would leave or stay in the EU. The UK vote to leave won with 52% compared to the 48% to stay. Brexit is the term coined to the UK leaving the EU.

Democracy

The United Kingdom is a democratic country, which means that they elect the officials that make government decisions. Brexit supporters believe that the EU is imposing inefficient laws that are restricting economic growth. Brexit supporters are angry that they essentially have little to no influence on the passage of laws through the EU. Brexit supporters believe that they should have the power to elect the officials that are in charge. The EU has grown to be this massive governing body that is essentially self-electing itself and unregulated by the citizens of the member nations. Brexit

supporters believe the EU is an anti-democratic system that goes against the fundamental rights that the UK was established upon. All of the power is in the hands of the EU officials that were appointed, not elected.

Taxes

The UK had a net contribution to the European Union of roughly 11.3 billion pounds in 2013. The UK economy is steadily improving and Brexit supporters are tired of sharing their wealth. The money that the EU collects is distributed across all member nations. For every 1 Pound that the UK receives from the EU, they are paying the EU 2.3 Pounds in taxes. Brexit supporters believe that they are not receiving the benefits that they are paying for because the EU is investing them in poorer member nations to ensure a level playing field. In addition, some Brexit supporters believe that the EU is buying opinion through specific donations to various organizations. The EU has no governing body to prevent corrupt practices such as this so who would catch them?

Anti-Brexit supporters believe that investing in Europe as a whole will create a stronger and more prosperous body of Nations. Which in result will lead to a stronger United Kingdom. Anti-Brexit supporters would likely support the statement, “ You are only as strong as your weakest link”. If Greece is suffering, it is up to the rest of Europe to get them back on their feet.

Immigration

Brexit supporters believe that the EU immigration policy is hurting the UK because there are too many outsiders that are not citizens flooding the market place and taking jobs from people that are citizens. In turn this has led to a lack of control over local economies. Migrants are allowed to claim welfare benefits which has led to

aggravation among Brexit supporters. Brexit supporters believe that the UK is being exploited by the EU immigration policy.

Anti-Brexit supporters are in favor of the open border policy. They believe that the open border policy is beneficial to all citizens. Many of these supporters are concerned about what kind of immigration policies would replace the EU policies. Will current non UK citizens be forced to leave? Will current UK citizens be negatively affected by the loss of the open border policy? There are many unanswered questions that anti-Brexit supporters are concerned about.

Trade

Brexit supporters believe that they can be more efficient through trade even without EU trade deals. Tariffs, quotas, and clever regulations established by the EU are hurting the UK economy. The UK is capable of conducting trade without the burden of EU barriers holding them back. Brexit supporters believe that the UK is capable of making better trade deals for themselves rather than the EU. It is also important to note that trade deals are not required for trade.

Anti-Brexit supporters are looking at the facts and wondering what the future holds. The United Kingdom is automatically apart of 40 trade agreements in 70 countries as a member of the EU. Without a negotiated deal with the EU, the UK losses all of these trade agreements. No one is certain of what the future holds and forfeiting the pre-established deals is extremely risky.

Current Situation

There have already been two Brexit extensions. Members of Parliament passed a law forcing the government to seek a third Brexit extension. The deadline to request the

third extension is October 19, 2019. The extension would push back the deadline until January 31, 2020. Extensions offered to the UK must be agreed upon by the EU, so there is no guarantee that the UK will receive the extension. The Prime Minister insists that the UK will leave the EU at the end of October. It is unclear how this will happen unless parliament approves a Brexit deal, or votes in favor of leaving with no deal.

Brexit Effect

The effects of Brexit on the world economy depends on how the conflict is settled. A no-deal exit would have different consequences compared to if a deal was agreed upon. A no-deal Brexit would raise the cost of exports and imports due to tariffs. Travel would become more complicated between EU member nations. The UK would also lose access to all the benefits that the EU provides. If a deal is agreed upon it will likely involve trade agreements; but they will not be as beneficial, and the UK would still forfeit the benefits that the EU provides. The day after the Brexit vote; the Dow, Euro and Pound all decreased. These decreases are not good for the U.S. stock markets. A weak pound also makes U.S. exports to the UK more expensive. The EU will be negatively affected due to the loss of UK financial contributions. In conclusion, anytime there is change there will be conflict. Overtime economies will balance out. The true effects will be determined over time.

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CASE 4: DELTA AIR LINES, INC.

by James Haden Robbins

October 23, 2019

Introduction

In this case I researched Delta Air Lines. I used their annual 10-K report to find financial information about the entity. A 10-K is a comprehensive report filed annually by a publicly traded company about its financial performance and is required by the U.S. Securities and Exchange Commission. Through my research I was able to establish a better understanding about what goes into an annual 10-K report. I learned how complex the reporting process is for such a large company, and I learned how detailed and fully disclosed the report must be. I was required to discuss the balance sheet in detail and explain each account. In addition, I analyzed revenues and expenses and the change over past years. I also analyzed Delta's net income in relation to their cash flows from operations. I also studied who their suppliers are and what expenses go into their cost of goods sold. I had to dig deep into the 10-K report to find which accounts on the balance sheet used estimates and judgments. I learned that there are many accounts that require some sort of estimate to be accurately reported. The purpose of this case was to demonstrate what I might be asked to do in the work force. I feel better prepared to assess a company's financial position and be able to report my findings to upper level executives in possible future employment. I have a better understanding of what would be important information for an accounting firm to understand about a company that they are trying to audit in the future. I believe understanding the current accounting practices and being able to see where they could be improved is a crucial part in being able to land and maintain auditing contracts.

Nature of the Business

Delta is a major passenger airline company, providing scheduled air transportation for passengers and cargo throughout the United States and around the world. Delta's network is centered around a system of significant hubs and key markets at airports in Amsterdam, Atlanta, Boston, Detroit, London-Heathrow, Los Angeles, Mexico City, Minneapolis-St. Paul, New York-LaGuardia, New York-JFK, Paris-Charles de Gaulle, Salt Lake City, São Paulo, Seattle, Seoul-Incheon and Tokyo-Narita. Delta is headquartered in Atlanta, Georgia. Passenger and cargo air transportation are the main sources of revenue for Delta. Delta's fiscal year end is December 31.

Auditor

Delta has been audited by Ernst & Young LLP since 2006 in Atlanta, Georgia.

Assets Liabilities & Stockholder's Equity

Assets

Cash and cash equivalents

- Amount of currency on hand as well as demand deposits with banks or financial institutions. Includes other kinds of accounts that have the general characteristics of demand deposits. Also includes short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Excludes cash and cash equivalents within disposal group and discontinued operation.

Accounts receivable

- The total amount due to the entity within one year of the balance sheet date. Net of allowances established for the purpose of reducing such receivables to an amount that approximates their net realizable value.

Fuel inventory

- Amount before valuation and LIFO reserves of inventory expected to be sold within one year or operating cycle, if longer.

Expandable parts and supplies inventories

- Net carrying amount, as of the balance sheet date, of expendable merchandise, goods, commodities, or supplies to be used primarily in air transport of passengers and freight.

Prepaid expenses

- Amount of asset paid in advance for costs that provide economic benefits in future periods.

Property and Equipment

- Amount after accumulated depreciation, depletion and amortization of physical assets used in the normal conduct of business to produce services.

Goodwill

- An asset representing future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

Identifiable intangibles

- Sum of the carrying amounts of all intangible assets, excluding goodwill, as of the balance sheet date, net of accumulated amortization and impairment charges.

Cash restricted for airport construction

- Amount of cash and cash equivalents restricted for withdrawal or usage, classified as noncurrent.

Deferred income taxes

- Amount, after allocation of valuation allowances and deferred tax liability, of deferred tax asset attributable to deductible differences and carryforwards, with jurisdictional netting.

Liabilities

Current maturities of long-term debt and finance leases

- Amount of long-term debt and capital lease payments due within one year or the normal operating cycle, if longer.

Accounts payable

- Carrying value as of the balance sheet date of liabilities incurred (and for which invoices have typically been received) and payable to vendors for goods and services received that are used in an entity's business. Used to reflect the current portion of the liabilities (due within one year or within the normal operating cycle if longer).

Accrued salaries and related benefits

- Carrying value as of the balance sheet date of liabilities incurred involving salary payments and their associated benefit payments.

Fuel card obligation

- Amount of borrowings from with a maturity within one year or operating cycle, if longer.

Other accrued liabilities

- Amount of expenses incurred but not yet paid classified as other, due within one year or the normal operating cycle, if longer.

Long-term debt and finance leases

- Amount of long-term debt and capital lease obligation due after one year or beyond the normal operating cycle, if longer.

Pension, postretirement and related benefits

- Amount of liability, recognized in statement of financial position, for defined benefit pension and other postretirement plans, classified as noncurrent.

Noncurrent operating leases

- Present value of lessee's discounted obligation for lease payments from operating lease, classified as noncurrent.

Other noncurrent liabilities

- Amount of liabilities classified as other, due after one year or the normal operating cycle, if longer.

Stockholder's Equity

Common stock

- Aggregate par or stated value of issued nonredeemable common stock (or common stock redeemable solely at the option of the issuer). This item includes treasury stock repurchased by the entity.

Additional paid in capital

- Value received from shareholders in common stock-related transactions that are in excess of par value or stated value and amounts received from other stock-related

transactions. Includes only common stock transactions (excludes preferred stock transactions).

Retained earnings

- The cumulative amount of the reporting entity's undistributed earnings or deficit.

Accumulated and other comprehensive loss

- Accumulated change in equity from transactions and other events and circumstances from non-owner sources, net of tax effect, at period end. Excludes Net Income (Loss), and accumulated changes in equity from transactions resulting from investments by owners and distributions to owners.

Treasury stock

- Treasury stock is common and preferred shares of an entity that were issued, repurchased by the entity, and are held in its treasury.

Delta Customer Base and Revenue Recognition Policies

Passenger revenue is primarily composed of passenger ticket sales, loyalty travel awards and travel-related services performed in conjunction with a passenger's flight. Delta records sales of passenger tickets to be flown by them or that they sell on behalf of other airlines in air traffic liability. Passenger revenue is recognized when they provide transportation or when ticket breakage occurs. For tickets that they sell on behalf of other airlines, they reduce the air traffic liability when consideration is remitted to those airlines. They periodically evaluate the estimated air traffic liability and record any adjustments in their income statement. These adjustments relate primarily to refunds, exchanges, ticket breakage, transactions with other airlines and other items for which

final settlement occurs in periods subsequent to the sale of the related tickets at amounts other than the original sales price.

Travel-related services are primarily composed of services performed in conjunction with a passenger's flight, including administrative fees (such as ticket change fees), baggage fees and on-board sales. They recognize revenue for these services when the related transportation service is provided. Their contract carrier agreements are primarily structured as a capacity purchase agreement where they purchase all or a portion of the contract carrier's capacity and are responsible for selling the seat inventory they purchase. Delta records revenue related to their capacity purchase agreements in passenger revenue and the related expenses in regional carrier expense, excluding fuel.

Delta's total domestic operating revenue was 31.233 billion in 2018. The Atlantic, Pacific and Latin American regions total operating revenue was 13.205 billion combined in 2018 (Atlantic 7.042, Latin America 3.181, Pacific 2.982).

Suppliers

Delta has many suppliers across the world. As an airline company many of the frequent supplies they purchase products from are based on a regional scale. Coca-Cola products are served on all Delta flights longer than 350 miles. Food suppliers differ based on region. Delta mainly purchases planes from Airbus, Boeing, and McDonnell Douglas. Fuel is purchased through different suppliers on a per region basis. Airports are also suppliers to Delta.

Operating Expenses

Delta has a broad range of expenses included in their cost of goods sold. Salaries expense is their largest operating expense. In addition, they have fuel expense,

depreciation expense, contracted services expense, selling expense, landing fee expense, maintenance expense, aircraft rent expense, and supplies expense. All of these expenses are critical cost that must be incurred in order to generate revenue.

Change in Revenue and Expenses

Total operating revenue has increased over the past three years from 39.45 billion in 2016 to 44.438 billion in 2018. Total operating expenses have also increased over the past three years from 32.454 billion in 2016 to 39.174 billion in 2018. Expense increase is mainly due to an increase in fuel price. Revenue increase is mainly due to an increase in passenger ticket sales across all regions that it has operations. Most rival passenger airline companies experienced similar results.

Net Income and Cash Flow From Operations

There were various adjustments to reconcile net income to cash flows from operations. These adjustments included depreciation, deferred income taxes, and postretirement payments greater than expense. In addition, there were changes in assets and liabilities to account for such as receivables, fuel inventory, air traffic liability, prepaid expenses, and deferred revenue. In conclusion there was a net increase in cash during the period of 895 million.

Assets and Liabilities Involving the Use of Estimates

Accounts receivable

Property and equipment

Short term investments

Goodwill

Identifiable Intangibles

Operating lease right-of-use asset
Loyalty program deferred revenue
Long-term debt and finance leases
Pension, postretirement and related benefits
Deferred Income taxes

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CASE 5 [IN CLASS ACTIVITY]

CASE 6: THOMAS SOWELL

by James Haden Robbins

November 22, 2019

Introduction

During this case I was first asked to respond to two questions. The first question was difficult for me to determine a response immediately. I weighed the options and ultimately decided that I believe the electoral college should not be abolished. I was extremely intrigued by the class discussion that followed. It seemed like every benefit was offset by some opposing problem. The underlying principle that led to my decision was that if something is not broken, you should not fix it. I do not believe that the electoral college is broken. The second question the class discussed was about the universal price index. I was previously unaware that this issue was being discussed. I quickly developed negative emotion towards the proposal. I was extremely concerned with who would pay for this, and why people think this would be beneficial on a national scale. As the class discussed this issue I developed a better sense of understanding of what was being proposed. I was not the only person with the concerns I expressed. I did find it interesting that this topic is designed to combat automation. In conclusion, I believe that the need for something like this is too far out in the future to justify its discussion. Overall, I was informed on the current political issues, and I was able to broaden understanding by discussing the topics with the class. The final part of this case was a video interview. The interviewee was Thomas Sowell an American economist and social theorist who is currently a Senior Fellow at the Hoover Institution. During the interview Dr. Sowell discussed some issues that have been affecting our world as a whole. The interesting part about Dr. Sowell is that his ideas are very far from the mainstream discussions that happen today.

Interview

Dr. Thomas Sowell was born in North Carolina, and he raised in Harlem, New York. Dr. Sowell dropped out of high school and served in the United States Marine Corps during the Korean War. He received a bachelor's degree from Harvard University in 1958 and a master's degree from Columbia University in 1959. Dr. Sowell was a Marxist early on in his career, but his experience working as a federal government intern caused him to reject Marxian economics in favor of free market economic theory. Throughout his career he has studied many different aspects associated with the problems that our country faces.

During the interview he spoke about mandated minimum wage laws and how that has affected unemployment. Since the mandated minimum wage law was enacted both violence and unemployment have risen. Dr. Sowell believes that unemployment is a root cause for violence. Because of the minimum wage law there are actually fewer jobs available. The jobs that often get cut are the ones best suited for young adults that have to much time on their hands. Sowell believes through his own experience that wages did not need to be fixed. He believes that American politics has a long history of replacing what works with what sounds good. Dr. Sowell also spoke on how welfare has led to a decrease in marriage. If you pay people to not get married they are probably not going to get married. He believes that single parent households are also contributing to the increase in the crime rate. Dr. Sowell said, "The welfare state is not really about the welfare of the masses. It is about the egos of the elites." In conclusion, through his emphasis asses on research and deep understanding of subjects Dr. Sowell is a great source of knowledge that we all could learn something from.

CASE 7: REGULATION FAIR DISCLOSER

by James Haden Robbins

January 21, 2020

Introduction

In this Accy 420 case I played the role of a public accountant with a client having concerns about regulation full disclosure. The client first needed to be informed of what regulation FD is and how they are affected by the act. The client then needed to be advised on how to navigate the dissemination of information through social media platforms. As I imagined myself in this role I realized how important my advice would be to the client. If I failed to understand this regulation and advise my client in the wrong way it could lead to lawsuits and wrongful representation. I really took this seriously and wanted to understand the extent to which the regulation was enforceable. I believe a good public accountant should not only understand what is required from the SEC, but also what is not required. When the client specifically asked about the CEO's Facebook post I was forced to make an opinion not knowing all the circumstances. This opinion was influenced by the assigned articles as well as external research and understanding of the law. It is assignments like this that allow me to understand what my future looks like as a public accountant. I can see myself in the future being asked by a client if something is lawful or not and it is on my firm and I to not only inform them, but guide them in the best direction for their company. I highly doubt that Reed Hastings or Elon Musk thought anything about regulation FD when they posted on social media. As a public accountant we must help our clients and keep them from unnecessary conflict. When my firm accepts a client, we are accepting all the responsibilities associated with being involved in that company. When we protect our clients, we are really protecting ourselves as well. In conclusion, I really enjoyed this case and the research that went along with it.

What is Regulation Fair Disclosure?

Regulation Fair Disclosure is a rule passed in October of 2000 by the Securities and Exchange Commission in an effort to prevent selective disclosure by public companies to market professionals and certain shareholders. The goal of regulation FD was to prevent the loss in confidence in the market by leveling the playing field. In the past, companies released important information in meetings to large investors but shareholders and the general public were excluded. Now companies conducting earnings and forecast calls to stock analyst and investors must also release that information to the general public simultaneously. In conclusion, if financial information is given to someone who is not subject to insider trading laws then that information needs to be given to the general public at the same time. In addition, the SEC granted the use of social media to disseminate information in 2013 if certain requirements and restrictions were met.

Why does Regulation Fair Disclosure exist?

Before the SEC implemented Regulation FD companies some companies were only sharing selective financial information with certain Wall Street analyst even going as far as allowing them to sit in on board meetings. This allowed Wall Street analyst to have a huge advantage over individual investors. Regulation FD allows individual investors access to the same forecasted information as Wall Street insiders. Investors know longer have to rely on stock analyst for opinionated information. Investors can digest the same information and generate their own opinions and predictions. Regulation FD exist to keep everybody honest across the board.

Social Media Restrictions

In order for the CEO to release financial information the SEC must be notified on which platform the information is being released. In addition, the platform must be accessible by the general public. If the CEO Facebook page is private, which most personal accounts are, then the CEO has violated the regulation FD act.

After reading the article I do not believe that anything has changed from my original response concerning the CEO. As long as the SEC and shareholders were notified and the account was public then it is legal. However, if those conditions were not met than the CEO is subject to possible legal action.

CASE 8: AN ANALYSIS OF ACCOUNTING THROUGH CASE STUDIES

by Marisa Panasci and Haden Robbins

February 8, 2020

Introduction

In this case study, we analyzed the tax implications that arise out of income emerging from being an influencer on social media. As the personal, and favored consultant that works for David Smith, he confides information about his daughter that brings to question the status of dependency and taxable income that he might not know needed to be taxed on the federal level. After hearing the information that his daughter is earning a base amount that is required to be taxed, it is upon our discretion to learn of the implications of not recording this income for the past four years. We are tasked with notifying the partners of our firm and David Smith on how to proceed with this new information. In working through this case, we are learning about the changes to new tax laws, dependance and the difference between taxable unearned and earned income. It is important to stay vigilant as accountants about changing laws and regulations that can affect you and your clients integrity. Although this client can potentially secure a partner position within the firm, it is the accountants obligation to comply with the rules and regulations of taxation and accounting. After careful consideration of changing laws, we came to the conclusion that she is making enough money to file income taxes, and since she is only thirteen years old, her parents are obligated to ensure that her tax report is filed. We have been evaluating David Smith for five years, and missed a significant portion of taxation. Due to the personal relationship between parties, it has become apparent that questions that would have been typically asked when working with a client have been missed. This can result in a failure-to-file penalty that is subject to “up to 25 percent” (Elkins) of unpaid taxes.

Letters

Partners,

It has come to my attention that our client, David Smith's, daughter, is a dependent subject to income taxes. For the past five years we were unaware of this liability to the Smith family. I am bringing this to your attention because Mr. Smith has been obligated, for the past four years, to ensure that Emma Smith's, his daughter, income tax returns were submitted to the government. Because Emma is a dependent, qualifying under dependent rules, Mr. Smith is liable for her tax implications. I am in the early stages of understanding the associations of the dependent and Mr. Smith's separate taxes, however due to her age, I have concluded that it is Mr. Smith who is liable. Although he is liable for the taxes, they are filed under her initial tax bracket, not his. I have begun calculating the estimated liability, listed below.

Year 1-4 earned revenue: $150,000 \times 4 = 600,000$

Year 1 unearned revenue: $150,000 \times .03 = 4,500.00$ (subject to a 24% tax rate)

Year 2 unearned revenue: $300,000 \times .03 = 9,000.00$ (subject to a 24% tax rate)

Year 3 unearned revenue: $450,000 \times .03 = 13,500.00$ (subject to a 37% tax rate)

Year 4 unearned revenue: $600,000 \times .03 = 18,000.00$ (subject to a 37% tax rate)

Total Unearned Revenue unpaid = 14,895.00

It is in the best interest of the client and our firm to notify the IRS of this discrepancy and start filing these taxes as soon as possible. They are potentially liable for tax evasion,

interest and penalties on this untaxed income. It is crucial that we take the appropriate steps to minimize risks for all parties involved.

Sincerely,

Marisa Panasci and Haden

Robbins

Mr. Smith,

It has come to our attention, during our lunch meeting, that there are some issues with the past tax returns regarding your daughter Emma. I learned that her social media following and YouTube channel has brought in a substantial amount of taxable income that has not been filed with the government for the past four years. Although Emma is your dependent, she is liable to file income taxes for the earned and unearned income she is making. This unearned income has accumulated through interest made while in the bank for the past four years. Because she is a dependent and unable to file her own tax returns, this could potentially be a liability for you. We are working with the partners to figure out the next steps of this process, however penalties on this evasion can be a potential outcome. Since this income is at her personal use, and you are still providing her basic necessities, such as housing, she still qualifies as your dependent on tax returns. This discrepancy may decrease the amount of deductions given to you due to the fact that she is making a substantial amount of income. In order to properly handle this situation, we are going to need access to Emma's bank accounts as well as expenses of her personal income. I understand that this is personal, and we are in part liable for the inaccuracies of

these tax returns and are working through the best possible alternatives, while also the worst.

Thank You,

Marisa Panasci and Haden Robbins

Stage Name/Youtube Name: EmmaSmithOnFire

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CASE 9: MONOPOLY MEETS BLOCKCHAIN

by James Haden Robbins

February 26, 2020

Introduction

This case study was very different than any other case we have done to date so far in ACCY 420. We used the board game Monopoly to attempt to design a distributed shared ledger across multiple ongoing games at once. The role I played was the business manager. That meant that I got to actually play Monopoly, only this time all of my transactions had to be recorded. In addition to recording the transactions as the game went on, we also had to keep track of the transactions taking place in other states. I believe the goal of the case was to demonstrate what blockchain technology might look like in real life. We attempted to put it to a test essentially. I think that there was some misunderstanding amongst my group in the beginning of the case, but by the end of it we were starting to understand what the record keeping and communication was for. I personally had no idea what the concept of blockchain meant before I walked into the classroom that day. Now, as a reflect on my experience, I believe that I have a basic fundamental understanding of what blockchain is, and how it works at the basic level. Once I read about blockchain I was able to draw the connection back to what we did in class and how they might relate in the basic form. I think that in the future this case could be split up into two cases. The first could be a in depth research of what blockchain is, and the second case would be the actual simulation we participated in. In addition, I believe starting off in smaller groups and allowing the groups to get comfortable with what was going on would reduce the upfront chaos that we experienced. All in all, I really enjoyed this case and the knowledge I gained from it.

What is Blockchain?

Blockchain is defined most commonly as a distributed, decentralized, public ledger. Blockchain technology is most commonly associated as the record keeping technology behind cryptocurrency. As technology has improved the capabilities of blockchain are expanding. Blockchains future goes beyond simply validating cryptocurrency transactions. Blockchain networks combine private key technology, distributed networks and shared ledgers. During the monopoly game I was playing the role of a business manager (user) of the blockchain. When I made transactions, the transactions were added to the database and shared across the network creating records. The records made up the block, and all of the blocks make up the chain. This ensures that all records are the same across the decentralized network. In my opinion, the technology is great in theory. Who wouldn't want a verifiable universal ledger? I think the problem is cyber security. If blockchain can be not only secured, but also insured it will take over the way we do business as a whole. I personally believe my generation will not see that happen, but possibly the generations to come might.

ONOPOLY meets BLOCKCHAIN

ACCY 420

BUSINESS MANAGER TRANSACTION LISTING:

TURN #	DESCRIPTION OF EVENT	AMOUNT
0	Contributed DIGITAL CASH to start business.	\$1,500
1	Rent expense - reading railroad	<25>
2	bought pennyl vanilla rail	<200>
3	rent expense	<18>
4	Purchase - Ventner ave	<260>
5	Purchase - Shortline	<200>
	rent revenue	50
	rent revenue	60
	rent revenue	50
		<u>957</u>

Now you're ready to prepare financial statements. You must prepare them in the following order: 1) Income Statement, 2) Statement of Retained Earnings, and 3) Balance Sheet. (There is also a fourth financial statement called the Statement of Cash Flows but we'll save that for another day).

The Income Statement reports the REVENUES and EXPENSES and a summary number, NET INCOME or NET LOSS. If REVENUES > EXPENSES, you will have NET INCOME. This is a good thing. Conversely, if REVENUES < EXPENSES, you will have a NET LOSS and likely won't be in business for much longer. We also start every financial statement with some important identifying information: 1) Name of the Business, 2) Name of the Financial Statement) and 3) Date. Let's see how you did in your operations for the first period of business.

YOUR NAME: Haden Robbins

Income Statement
For the First Period of Operations

REVENUES	<u>160</u>	
minus		
EXPENSES	<u>703</u>	
equals		
NET INCOME	<u>-543</u>	(If this number is negative, you have a NET LOSS)

Now it's time to do the second statement, the Statement of Retained Earnings. Retained Earnings is the sum of all the net income earned over the life of the business minus all the dividends paid out to owners over the life of the business. We need to make a couple of important points. First, since this is the first period of operation, your **beginning** retained earnings will be zero. Second, we didn't pay ourselves a dividend yet, so DIVIDENDS will be zero (we'll get to that later in the class). So the statement will go as follows:

YOUR NAME: Haden Robbins

Statement of Retained Earnings
For the First Period of Operations

Beginning Retained Earnings	\$0	
plus		
NET INCOME	<u>< 543 ></u>	← Enter amount from INCOME STATEMENT here
minus		
Dividends	\$0	
Equals		
Ending Retained Earnings	<u>< 543 ></u>	

NOTE: If you had a NET LOSS instead of NET INCOME, then you would subtract the amount of the NET LOSS on the NET INCOME line. This means that your ENDING RETAINED EARNINGS will be **negative**.

NOPOLY meets BLOCKCHAIN

Now you're ready to complete your final financial statement of the assignment, the Balance Sheet. The Balance Sheet is a "snapshot" in time of the accounting equation. In other words, it will list all of the ASSETS, LIABILITIES and EQUITY of the business. The key is this: ASSETS must equal LIABILITIES + EQUITY in the end or you made a mistake. In other words, the accounting equation must be **in balance**.

YOUR NAME: Haden Robbins

Balance Sheet

TODAY'S DATE: Feb 28 2020

ASSETS:

Cash 297

Properties 660

Buildings -

Total ASSETS:

957

← Total of CASH, PROPERTIES and BUILDINGS

LIABILITIES

-

EQUITY:

Stock 1500

Ending
Retained
Earnings

<543>

← Enter amount from ENDING RETAINED EARNINGS from Statement of Retained Earnings here

Total LIABILITIES PLUS EQUITY:

957

← Total of LIABILITIES, STOCK AND ENDING RETAINED EARNINGS

Are the numbers on the two bold lines the same? If so, congratulations, your Balance Sheet is **in balance**. If not, then you must find out where you went wrong and try again. Do your totals from your ledger make the Accounting Equation balance? If not, then check each individual posted transaction to make sure each line has the Accounting Equation in balance. If that doesn't work, you might want to try re-totaling your columns at the bottom of the ledger. If you still can't find the problem, see if you can get a classmate to be your "auditor" – sometimes "fresh eyes" can spot the problem.

CASE 10: INTERVIEW CASE

by James Haden Robbins

March 30, 2020

Introduction

Every day we are living through a very historical time for the world. Our last case we did before spring break involved the class communicating and working together in a hands-on fashion. Since then the spread of the Coronavirus has affected us all in ways previously unimaginable. This is the first case the class has been assigned since the pandemic evolved. I was thrilled that the case involved social interaction via an interview with a long-time business professional. I think we all have a new appreciation for things as simple as conversation amongst each other. The goal of this case was to gain knowledge and wisdom from somebody who has been in the game for the majority of their life. I chose to interview my father. My dad has worked for Accenture since he graduated from Ole Miss. Accenture has been his only job he has ever had his entire life. Obviously, I know my dad very well, but when it comes to his work I'm not sure anyone in my family really understands what his day-to-day work life really looks like. I was able to learn more about what that looked like through this interview. In addition to better understanding his work life, I also learned more about what he believes in, and what motivates him. I asked my dad questions that lead to conversations we have never had before. My dad told me things about his life I would have never imagined him saying. I never knew the stress his career put on our family in his younger years. I am so thankful for the opportunity that this case gave me. Self-distancing has given me a whole new appreciation for social interaction. I'm forever grateful for this case and the conversation that it created. This case has taught me to not be afraid to ask difficult questions. There is lots of knowledge to be learned from experience. Asking someone who has been there before just might save you from making the same mistakes that they did.

Biography

James Alton Robbins was born on March 3, 1966 in Crossett, Arkansas. He grew up in a small town North of Memphis, Tennessee. He attended the University of Mississippi from 1984 to 1989. James double majored in Business and Engineering. When the time came to find employment, he interviewed with anyone and everyone. After receiving multiple job offers he choose to go to work for Accenture in New Orleans. Early on in his career the long work weeks consisted of writing computer programming for clients. Overtime the role switched more to team management. Today James is the leader of the industrial automotive industry for the South Eastern United States. James is very proud that he has made it more than 30 years in this career, but the travel and long work weeks early on in his career made it hard to justify the path he chose. When asked what he would change about his life he said that he would have chosen a different career with a less demanding work schedule. James is most proud of his family and he believes that know job should ever compromise family. When asked for advice James said that if you are someone who worries about every detail and gets overwhelmed, simply let the little things go in life. On the other hand, if you are someone who is not motivated and just does enough to get by, ask yourself where you want to be in 20 years. James believes that the movement toward socialism will be one of the biggest challenges that future generations will have to deal with. The most memorable vacations consisted of family trips to Europe. Not very long ago James and Betty Robbins celebrated 27 years of marriage. When James was asked what was the most challenging part of his marriage he claimed that work was the only thing that made the marriage

challenging. He encourages everyone to remember what is really important in the end, and that is family.

CASE 11: INTERNSHIP INTERVIEW CASE

by James Haden Robbins

April 7, 2020

Introduction

In this case Dr. Dickinson took the time to pair each student with another student from her previous year's class. She strategically paired us with someone who just completed their internship like we will in the future. Dr. Dickinson asked me what city, firm and practice I was interested in the previous week. I told her that I am very uncertain of what I want, but if I had to choose I would say that Audit for EY in Atlanta would be my first choice. It is truly amazing how things work out. I have been stressed and worried about the interview process. Some things have not worked out the way that I anticipated them too. This case brought me a sense of calmness and lessened my worries. I was fortunate enough to be able to have a wonderful conversation with Ryan McCarty in the midst of this pandemic. It was nice to hear someone's voice and meet someone new even if it was just over the phone. Ryan just got back from an Audit internship for Deloitte in Atlanta. Ryan was very open and honest about what he had learned and what he found to be important. We discussed many aspects of what he went through during the whole internship process. The feedback I received from Ryan helped solidify many of my questions and concerns. This case allowed me to get a better understanding of what I should expect as well as what I should be focused on going through the internship process. Through the semester we have various firms come and talk to us about internships, but this case allowed me to see the internship process from another viewpoint. I am very thankful for Dr. Dickinson setting up this case and I am even more grateful for Ryan taking time out of his busy schedule to give back to someone he did not even know. A gesture like that speaks volumes about the kind of students and peers we

have at the University of Mississippi. I hope that one year from now I too am able to give back the same way that Ryan did.

Internship Interview

Ryan McCarty is currently a senior Accounting major with a minor in Economics at the University of Mississippi. Ryan is from Jackson, MS. During our conversation I learned that Ryan just returned from an Audit and Assurance Internship with Deloitte in Atlanta. When I asked Ryan about the recruiting process he described a similar experience to what I have been through thus far with meet the firms, and various meet and greets in Oxford. Ryan applied to a few firms and participated in two summer leadership conferences in two different cities. Ryan was unsure what city exactly he wanted to intern in, but he was confident that he wanted to stay in the South. After signing with Deloitte in Atlanta he began the search for a place to live. He recommended starting this process as early as possible for various reasons. Ryan started his internship in early January with several days of training and getting acclimated. During his internship Ryan worked with two clients. One of the clients was not a traditional audit client, but was an Audit Reporting Advisory (ARA) client. Ryan talked about how lucky he was to be assigned to a client in this new and emerging practice. Audit Reporting Advisory is essentially assisting clients in the transformation from private to public. Ryan really enjoyed ARA and hopes to possibly continue that practice in the future if possible. When asked what he liked most about the internship Ryan talked about the great mentors he had at various levels in the firm. Ryan expressed the importance of enjoying the people you're surrounded by, and making as many connections as possible. The advice that Ryan had will stay with me for years to come. Ryan plans to work full time for Deloitte after he

completes the graduate program. One of Ryan's main reasons for accepting the full time offer from Deloitte was the personal connections he made during his internship. It was evident during our conversation that Ryan was a very caring and compassionate person.

CASE 12: FINANCIAL CRISIS

by James Haden Robbins

April 26, 2020

Introduction

For this case Dr. Dickinson assigned five articles for us to read or watch. She was specific in her instructions that we must watch the articles in a certain order. The first video focused on explaining what crony capitalism means. The second video was a movie called the *Inside Job* which was a thrilling film focused on exposing the corruption on wall street that led to the economic collapse in 2008. The third article talked about the formula that Wall Street was using that eventually resulted in the 2008 collapse. The fourth article was about Goldman Sachs and the corruption and power that they have. It talked about how they have a history of being involved in every major financial crisis since the great depression. The fifth article was based on a conversation that a reporter had with a Wall Street businessman. During the article the business man talked about President Trump and expressed his dissatisfaction with him. Throughout this case I was able to further understand various aspects of the financial crisis that the United States has seen. I was able to broaden my political beliefs and learn more about the government's role in the economy. People are greedy, and they want what's best for themselves. That's the nature of the world we live in. There is always going to be some people that are willing to take advantage of the system to make a dollar. There is going to be loopholes in every government system. I am not sure what the correct solution to the problems America faces is. Who could have foreseen a pandemic causing this current crisis? I believe there were probably some things the government could have done early on to prevent the spread, but it's hard to point fingers when there is no protocol or procedure to follow. Corruption is everywhere, it is crony capitalism, and it was triple A

ratings. The problem with corruption is that the culprits only get caught after the damage has already been done.

Financial Crisis

Crony Capitalism is unfair, but I was told from a young age that life is not fair. I was never told that life is corrupt. I believe crony capitalism is extremely corrupt. The economy functions as a free market. When you mess up the balance of the economy you run the risk of a collapse. I think that at some point there are going to be some serious changes in the way that the government is allowed to conduct business in regards to politicians. What worries me is that politicians are dependent on campaign contributions. Once someone in power collects your money you own some of that power, or at least you might think you do. Power doesn't corrupt people, people corrupt power. I am not sure what the correct answer to this problem is, but I believe its needs to be addressed. The *Inside Job* really helped explain how changes in the policy environment and banking practices helped create the financial crisis in 2008. The movie made me feel sorry for the people that lost everything. It also made me angry toward the Wall Street businessman that walked away with their personal fortunes still intact. I am not sure what to think about the Gaussian Copula Function other than the fact that it was widely misused when calculating risk. This all leads back to not having enough regulation or really oversight on what Wall Street is doing. Regulation is tricky in my opinion. The more regulation a country has the more restricted everything becomes. The EU for example has far too many regulations. I think we need to create an organization like the FBI or SEC that's sole purpose is to look for government corruption and potential issues in the stock market. This organization needs undercover workers in the government as well as at the

big investment banks on Wall Street like Goldman Sachs. I am not sure why the economy was doing so well prior to the spread of the Corona Virus. I don't know if president Trump is a genius or just got lucky. I am also not sure how this pandemic will affect the economy in the years to come. I believe we will get through this and it will make us stronger than before. I also believe we must do a better job on fighting corruption. For decades we have sent petty thieves to prison and appointed the greatest thieves of all to public office. We must challenge corruption.

HONORS CODE AND SIGNATURE

ON MY HONOR, I PLEDGE THAT I HAVE NEITHER GIVEN, RECEIVED, NOR
WITNESSED ANY UNAUTHORIZED HELP ON THESE CASES.

James Rollins