Accounting Principles and Methodologies: A Case Study Compilation

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ACCOUNTING PRINCIPLES AND METHODOLOGIES: A CASE STUDY COMPILATION

by
Carissa Landers

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. Vicki Dickinson

______________________________
Reader: Dr. W. Mark Wilder
Abstract

This thesis is comprised of a series of independent case studies investigating various areas of financial reporting. The case studies were all completed during the 2019-2020 academic year under the direction and advising of Dr. Victoria Dickinson. Different types of accounting principles were presented to us in different ways by use of both real and fictional case scenarios, and this thesis is a collection of the findings and conclusions from each one. Each case contains my own calculations and opinions and should be regarded as such. Over the course of completing these case studies, I have been able to enhance my knowledge of financial reporting topics, add to my technical skills and capabilities, and improve my critical thinking approach to formulate solutions to various problems.
# Table of Contents

LIST OF FIGURES .................................................................................................................4
CASE 1: CITY SELECTION ........................................................................................................5
CASE 2: BREXIT .......................................................................................................................18
CASE 3: TYSON FOODS, INC. 10-K .......................................................................................23
CASE 4: THOMAS SOWELL ......................................................................................................31
CASE 5: REGULATION FULL DISCLOSURE ........................................................................35
CASE 6: IS IT TAXING? ..........................................................................................................39
CASE 7: BLOCKCHAIN .............................................................................................................43
CASE 8: INTERVIEW ...............................................................................................................48
CASE 9: INTERNSHIP INTERVIEW .......................................................................................52
CASE 10: ECONOMIC CRISES ............................................................................................57
BIBLIOGRAPHY ....................................................................................................................63
HONOR CODE ..........................................................................................................................64
List of Figures

FIGURE 1-1 .................................................................................................12
FIGURE 1-2 .................................................................................................13
FIGURE 1-3.................................................................................................16
FIGURE 7-1 .................................................................................................46
CASE 1: CITY SELECTION
September 25, 2019
The objective of this case was to identify my first two choices of cities in which I would most like to begin my career and conduct research in order to learn more about them. I have chosen Dallas, TX and Austin, TX as my preferences. Through comparison and contrast, I was able to learn a wide variety of useful information about both of these cities in broad topics such as climate tendencies and tax rates as well as personally applicable information such as grocery shopping options, need for a roommate, and a model monthly budget. I found this case to be very helpful for many reasons. Students of the Patterson School of Accountancy, especially those interested in an internship with a firm during their senior year, are often expected to be able to answer questions that their peers have not even considered. For example, while it is not a permanent decision, students are asked to choose a career sector, like audit or tax, before ever taking the corresponding classes. In addition, these students are expected to be able to provide potential employers with preferences for the cities in which they not only want to intern in but are comfortable being in for roughly five years after graduation. This case has aided me in solidifying these preferences for myself. Not only will the knowledge I have gained through the completion of this case help me to provide future employers with my preferences, but it will also help me to communicate the reasons for which I have made these decisions and help me be more prepared if I am lucky enough to be offered a position in either of these cities.
Questions for Case Study 1

1. **What is the population?**

   As of 2018, the population of Dallas is approximately 1.345 million. The Dallas-Fort Worth metroplex is comprised of roughly 7.5 million people, making it the fourth largest metroplex in the United States. While a population this large is something I have never experienced, it is exactly what I am looking for. The goal is to be in a location where there is always a multitude of activities, much unlike anywhere I have ever lived. In contrast, the population of Austin as of 2018 is close to 965,000 with a metropolitan area totaling 2.2 million people. This population is still much larger than anywhere I have ever lived, but to my surprise, it is not nearly as large as I have always believed it to be and is much smaller than Dallas and its metroplex. Despite the difference, both appeal to my desired population size.

2. **Describe the climate and seasonal fluctuations.**

   Both Dallas and Austin are classified as humid subtropical climates. Dallas experiences a wide annual temperature range, and precipitation amounts vary throughout the seasons. One is more likely to experience extreme cold in Dallas than in Austin, but those periods are typically short-lived. In Austin, summers are long and hot, and spring and summer, the transitional seasons, are relatively warm also. Winters in Austin are much shorter and milder, and Austin experiences a general lack of precipitation. Being from Illinois, I am used to experiencing the best and the worst of all four seasons. Therefore, a move to either of these cities would be a change from the norm. The Dallas climate is definitely more similar to what I am used to, but living in either city would mean a drastic
temperature increase from home. I do not feel as though either of these climates would be
unbearable for me though, as living in Mississippi has helped me become accustomed to
the heat and other aspects of southern weather.

3. Describe the city’s topography, scenery, and other geographic or geological features
of the area in which the city is located.

Along with having similar climates, these cities also have similar topographies. Both are
mostly flat, ranging only four to five hundred feet above sea level. Dallas offers features
such as Trinity River and White Rock Lake, whereas Austin has Mount Bonnell, the
Colorado River, and multiple lakes. In my opinion, each city having multiple options for
outdoor scenery and activities makes up for the fact that the cities themselves are
relatively flat.

4. What are the individual tax rates within the city?

Because these cities are both located in the state of Texas, their tax information is mostly
the same. The state’s sales tax rate is 6.25 percent, but because sales tax can be increased
within a city, both cities have a sales tax rate of 8.25 percent. They also each have the
same property tax rate of 1.86 percent. Both of these rates are less than the rates in my
hometown. There are also no state taxes or local taxes for either city. The federal income
tax rate is twelve percent, and because I would likely rent during my first few years, this
is the only tax that would apply to my income besides sales tax. With an approximate
$55,000 per year starting salary, I would be paying roughly $6,600 in federal income tax,
leaving me with a net pay of approximately $48,400 per year.

5. What transportation hubs are in the city?
Like most largely populated cities, Dallas has a personalized transportation hub known as DART (Dallas Area Rapid Transit) that serves the inner city as well as nearby cities and suburbs. DART consists of bus lines, light rail lines, and streetcar services. In addition to DART, Dallas has separate light rail lines that also serve downtown and extend outwards from the city in every direction. There are also two airports in the city: Dallas/Fort Worth International Airport and Dallas Love Field. As for Austin, there are not as many options. The Capital Metropolitan Transportation Authority (Capital Metro) is a bus line that serves most of the city. However, it does not extend out to the suburbs or surrounding smaller cities. There is also an airport, Austin-Bergstrom International Airport, for air travel needs. While I do not plan on using public transportation very much, I do believe that it is beneficial to have it as an option. It is logical that with the much larger population, Dallas would have the more sophisticated transportation hub, and in my personal analysis of these two cities, this gives Dallas an advantage over Austin.

6. **What are the city’s most prevalent industries?**

   Dallas and Austin both have many popular industries. Dallas is well known for financial services, defense, information technology and data, life sciences, and transportation. The largest companies in the city are Exxon Mobil, McKesson Corp., AT&T, Energy Transfer LP, American Airlines, and Southwest Airlines. Austin is a hub for advanced manufacturing, digital media technology, data management, space technology, and corporate headquarters. The largest companies here are Google, 3M, Dell, Apple, and IBM. This information is particularly exciting to me, because each city gives me the potential opportunity to work with large, widely known companies. Working on big
projects with companies like these is something I am looking forward to being able to do in my career.

7. Describe the quality of the city’s healthcare and school districts.

Texas itself comes in at number 37 out of 50 in the healthcare rankings. However, both cities have many suitable healthcare centers. Dallas has multiple nationally renowned healthcare facilities and resources such as Parkland Memorial Hospital and Baylor University Medical Center. Austin has a healthcare system that is still of good quality, but not as renowned as that of Dallas. In Austin, there are facilities such as St. David’s Medical Center and Ascension Seton Medical Center, which both have an exceptional reputation. Both cities also have academically excellent school districts with scores of 10/10. I am not sure if my children will attend public school or private school. It will depend on the school district in which we live and the qualities of the schools near us. However, in the case that my children do attend public school, it is encouraging to know that there are several school districts in both areas with such good reputations.

8. What types of crime are common within the city and where are the locations within the city to avoid?

Both cities have a crime index that is lower than the national average for their respective metropolitan sizes. The most common types of crime in both cities are aggravated assault and robbery. Dallas and Austin are also both subject to illegal drug trafficking due to their large sizes and proximity to major countries involved in illegal drug trafficking and smuggling. Upon research of the Dallas areas labeled as dangerous, I found that the list of neighborhoods, including Five Points, Oak Cliff, and Dixon Circle, comprised the western part of the city. In contrast, Austin is typically labeled as a safe city all around.
However, many people say that if they were to choose a part of the city that is worth avoiding, it would be the eastern part of the city.

9. **Based on where you see yourself living for the first three years, how much rent do you expect to pay?**

I expect that I will be living in an apartment for the first three years in either city. For Dallas, I would expect to have one roommate while living in an apartment in the northern part of the city. Domain at Midtown Park offers two-bedroom, 1,200 sq. ft. apartments for approximately $800 per tenant per month. This complex offers many amenities, including pools, a fitness center, furnished apartments, free Wi-Fi, garage parking, and they are pet friendly. It is close to Trader Joe’s and Whole Foods for grocery shopping, multiple parks and restaurants, and a DART station. It is also less than ten miles from the airport. Living here, I would expect to pay roughly $28,800 in rent for three years.
In Austin, I would also expect to be living in an apartment. The cost of living in Austin is higher, so I would plan to have two roommates. Century Travesia offers three-bedroom, 1,600 sq. ft. apartments for roughly $700 per tenant per month with amenities like a pool, fitness center, garage parking, and an excellent location. This complex is in the hill country and central to both downtown and also outdoor activities. Living here, I would expect to pay $25,200 for three years of rent.
10. What is the typical mode of commuting?

In both Dallas and Austin, more than seventy percent of people drive their own cars to work, and I expect to do the same if possible. In Dallas, it is also possible that I would explore my options with DART, considering my apartment is so close to a station.

11. Where will you do your grocery shopping?

The apartment in Dallas at the Domain at Midtown Park complex is extremely close to a Whole Foods Market and a Trader Joe’s, so I can expect that I would do most of my shopping in these places. There is also a Walmart not too far from this location for any extra needs. In Austin, the Century Travesia apartment is down the street from both a Walmart and a Sam’s Club, so I would likely purchase a Sam’s membership and do my grocery shopping in both of those stores.

12. How will you do your laundry?
Each property that I have listed includes in-unit laundry. However, if it were to ever be necessary, there is a laundromat within a suitable distance from both properties. Both cities also have dry cleaning businesses that are within close proximity to the apartments.

13. **Name at least three civic, religious, or charitable organizations you would like to be active in.**

Regardless of the city I ultimately end up residing in, I will want to become involved with any sort of community project in which my firm participates. For example, KPMG has a Family for Literacy program that helps battle child illiteracy, and EY participates in community service on what they call Connect Day. Deloitte also has a similar mission to that of EY, and they call it Impact Day. In addition to activities with my firm, I will also want to find a church of which I can be a member. From the apartment in Dallas, there is a fifteen-minute commute to Springcreek Church, a church similar Pinelake in Oxford. I would also hope to volunteer for Women Like Us, a Christian organization that helps support and empower women. In Austin, I would likely become a member of Life Church, as I currently watch sermons and interact with them online. I would also hope to get involved with an organization like Minis and Friends, which is a non-profit that provides a therapeutic and uplifting experience to people of all ages with special needs through interaction with mini horses.

14. **What are the sports, entertainment, or recreational activities that you would be most likely to engage in within the city?**

In Dallas, there are copious amounts of opportunities for sports, entertainment, and recreation. I would without a doubt enjoy the Dallas Cowboys football games at their stadium in Arlington, the Texas Rangers baseball games, the Dallas Mavericks basketball
games, and the Dallas Stars hockey games. The American Airlines Center, home of the Mavericks court, also is a major venue for concerts and other forms of entertainment. For recreation, there is a decent number of parks and green spaces near my apartment where I would be able to go running, take my dog, or just go to enjoy the scenery.

In Austin, there are less sport opportunities. Austin is home to the Texas Longhorns, whose football games I would likely enjoy. Austin does not have any professional sporting teams, rather it has minor league hockey, and a Development League basketball team. However, the commute from Austin to either Dallas or Houston for professional sports is not unbearable. Zilker Metropolitan Park is a large center for recreation, and it also serves as the central location for many music events that I would like to experience.

In my opinion, Dallas has the advantage here, because leisure activities and things to do in the city are very important to me.

15. What are the modes of traveling back to your hometown from this city? What is the average cost you would incur for each trip, and how long will it take?

From either city, it is possible to get to my hometown, Springfield, IL, by driving or flying. The drive from Dallas of 730 miles would take roughly eleven hours and the 920-mile drive from Austin would take close to fourteen hours. In gas, these trips could cost approximately $200-$250 round trip. If I were to fly home from Dallas out of DFW International Airport, a round trip would cost me close to $250 for a round trip, and flying home from Austin would cost about $320 for a round trip. Logically, it costs more from Austin, as I would be traveling farther. However, I do not feel that either cost is too much. It costs me $100 now for a round trip driving to my hometown from Oxford.
16. Model Monthly Budgets

Figure 1-3

<table>
<thead>
<tr>
<th>Model Monthly Budget for Year 2</th>
<th>Dallas</th>
<th>Austin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$5,000 (gross)</td>
<td>$5,000 (gross)</td>
</tr>
<tr>
<td>Tax</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>Rent</td>
<td>800</td>
<td>700</td>
</tr>
<tr>
<td>Utilities</td>
<td>70</td>
<td>50</td>
</tr>
<tr>
<td>Groceries</td>
<td>350</td>
<td>300</td>
</tr>
<tr>
<td>Gas</td>
<td>100</td>
<td>150</td>
</tr>
<tr>
<td>Fitness</td>
<td>100</td>
<td>120</td>
</tr>
<tr>
<td>Credit Card</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Phone Bill</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Pet</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Savings</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Misc. (Household items, restaurants, etc.)</td>
<td>200</td>
<td>150</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$2,555</td>
<td>$2,405</td>
</tr>
<tr>
<td>Remaining Salary</td>
<td>$2,445</td>
<td>$2,595</td>
</tr>
</tbody>
</table>
17. Which is your preferred city and why?

After completing the model budget, I have found that Austin would be the less expensive city to live in, but only by approximately $150 monthly. Seeing as how this is just an estimate, I feel as though $150 is an insignificant number in the grand scheme of things. For this reason, along with others, I would much rather live in Dallas. Dallas has a large population and serves as the location for many big companies, which brings to me an enormous amount of potential opportunity. Dallas has more public transportation options, which helps cut commuting costs if necessary, and there are many more leisure time activity options in Dallas than there are in Austin. After the completion of this analysis, it seems to me that choosing Austin over Dallas would leave me missing out on things, but living in Dallas would give me everything I would like about Austin, plus more. However, I am still open to both cities, and would love to have the opportunity to be in either of them.
CASE 2: BREXIT
October 9, 2019
After more than forty years of membership in the European Union (EU), the United Kingdom (UK) voted on June 23, 2016 via referendum to officially separate themselves from the European Union. This verdict, known as Brexit, defied expectation and set in motion a political upheaval. Prime Minister David Cameron resigned following the vote, and the market plummeted. Now more than three years later, the world is still waiting on an official agreement or action of separation.

Understandably, a decision of this magnitude has both advocates and adversaries. In this case, both the benefits and the disadvantages of a British exit will be explored. It is important to understand what Brexit would mean for not only the United Kingdom, but also the rest of the world. For example, it is clear that it will mean major changes for the UK, but it will also affect any and all of its trade partners, as well as bring forth underlying matters such as tax laws and immigration issues that aren’t currently of concern due to the United Kingdom’s inclusion in the European Union.

This case has helped me to better understand both sets of viewpoints on Brexit. It has also allowed me to broaden my knowledge about how actions such as these have reactions that effect a much broader spectrum of people and industries. It is important for accountancy students to understand how global actions such as Brexit can greatly affect operations on a local scale in the United States. For this reason, it is best to be as informed as possible on political issues that could possibly have serious financial consequences such as this. It is much more beneficial to be educated and prepared for possible occurrences than it is to be taken by surprise when a global decision causes detriment or requires members of a firm to take different actions than normal when working with a company.
Brexit: The Movie showed a very pro-Brexit view. The film outlined the major disadvantages of the United Kingdom staying in the European Union. The speakers in the video mentioned frequently the concept of power with no accountability within the European Union. They expressed that the EU has become more of a dictatorship instead of a democracy, as it was designed to give no power to the people or the Parliament. Rather, the power lies with EU officials, who operate in secret from the public. For this reason, they said the EU lacks transparency, a fundamental aspect of true democracy.

The spokespeople in the video then spent some time on explaining how poorly the EU manages money. They took a relatively long amount of time explaining how the EU takes money from the general population, because they have the power to do that in the form of continuously increasing taxes, and gives it to those lucky enough to work for the EU in the form of allowances, bonuses, etc. This is clearly extremely unfair and understandably a reason the UK would want to separate.

The next topic of discussion in the film was how the EU has, and still is, destroying industry in the UK. They began with explaining how the fishing industry, once plentiful and booming, has been demolished by the EU, because it pays British fishermen to destroy their boats and leave the industry but gives other countries the rights to fish in the same waters. Aside from the fishing industry, the EU has ruined the overall industrial success of the UK. After the world wars, the EU refused to cut back on regulation and hand back the power they had claimed. From this time of regulation is where one of the UK’s leading problems arose: the EU’s elimination of competition through tariffs, quotas, and extreme regulations. Britain looked to the EU as the future but ended up in a system of protectionism that harmed their economic success.
A popular topic of conversation when it comes to the possibility of Brexit is whether or not the UK can actually cope without the EU. To answer this question, the host of the film visited Switzerland, one of the most economically successful nations in the world. Switzerland refuses to join the EU, and the success of the nation remains unscathed despite not being a member of the EU. The UK is given hope and encouragement by the accomplishments of Switzerland and understands that while they will not grow to the success level of Switzerland overnight, there is possibility for progression in general outside the EU.

While this film gave a very convincing argument as to why Brexit should take place, there are also many disadvantages that exist according to those who are not in favor of Brexit, also known as Pro-Europeans. The first of many concerns is in relation to taxes and trade. The EU is a single market in which imports and exports between members are exempt from trade barriers such as quotas and tariffs. Separating from the EU would mean being subject to the barriers that it has set in place. In addition to monetary concerns with trading, they are also worried that leaving the EU will reduce the UK’s negotiating power with the rest of the world, because it will not be backed by the EU. Pro-Europeans have also argued from an investment standpoint that the UK will diminish its status as one of the world’s major financial centers if the city of London can no longer be viewed as a gateway for banks to the EU.

Many Pro-Europeans are concerned about turning back the clock to dark times for the UK. They are worried that a Brexit will result in the UK giving up its influence in Europe, regressing from the global power networks of today’s time. Many campaigners claim that more than three million jobs will be lost if the UK separates itself and that the economic security of the country will be threatened.
Upon consideration, it seems to me that those who support a Brexit have taken into account the advantages and disadvantages and have done a better job at thinking of alternatives and ways to combat hardship while those who oppose are seeming to ignore the unfairness that has formed between the EU and the UK. After researching both opinions, I believe that a Brexit could be a good opportunity for the UK.

There are currently many possibilities in the works for Brexit during October, the first being that a separation deal is made with the EU and gets through Parliament. The second possibility is that the attempt to negotiate fails and an Article 50 expansion is agreed upon instead, which will further postpone the decision. The third option, which is looking to be the most likely, is that no agreement can be reached, and the UK enters into a no-deal Brexit on October 31, 2019, meaning that the UK will separate regardless and possibly involve the supreme court to do so. The fourth and final likelihood is that the UK will end up holding another referendum on October 31, 2019. Regardless of what actually occurs this month, it has been made abundantly clear that there will be steps forward for Brexit made on or by October 31, 2019.

For the sake of not only the United Kingdom and the European Union, but for the rest of the world on the outside of this situation, I believe this is a decision that needs to be settled as quickly as possible. Reaching any kind of agreement will allow either for operations to continue as normal or for progressions to begin to be made in order to aid the UK in separating. Postponing the decision is only going to continue to cause more issues between the two parties.
CASE 3: TYSON FOODS, INC. 10-K
October 30, 2019
Tyson Foods, Inc. and its subsidiaries is a recognized leader in protein and is one of the world’s largest food companies. Founded in 1935, the company has grown under three generations of family leadership a broad portfolio, which includes products and brands such as Tyson®, Jimmy Dean®, Ball Park®, Hillshire Farm®, State Fair®, and ibp®. Tyson Foods, Inc. markets themselves as leading innovators who are dedicated to providing quality and convenience to their consumers through products and recipes.

A large company such as Tyson Foods, Inc. is likely to have extensive, intricate financial reports. As students seeking opportunity to work with clients consisting of companies that are this large, it is important to be able to understand all that comprises these reports. For this case, an analysis of Tyson Foods, Inc.’s annual report (10-k) was conducted. This analysis explores different elements of the 10-k, such as the consolidated balance sheet, revenues and expenses, customers and suppliers, and types of estimates included in the financial information. This case helped me learn to read and comprehend an annual report for a large company such as this one. Many times, looking at such a long, detailed report can be intimidating, and it can be difficult to understand just what the content means. This case helped me to be able to successfully read the 10-k and learn how to efficiently find the information for which I was looking. I especially enjoyed this case, because this task simulates the kind of work that will be expected in an actual job setting. In my opinion, it is important for students to gain these kinds of skills early on before their career begins in order to ensure that when placed in a job setting, they will better be able to accomplish the tasks at hand.
1. What is the nature of your company’s business?

Tyson Foods, Inc., headquartered in Springdale, AR, is a leading competitor in the food industry. The company segments their business based on the different types of protein and details within the report the contributions made by each segment to each part of the 10-k. These segments include pork, chicken, and prepared foods, all of which Tyson Foods, Inc. is the second largest exporter, and beef, of which Tyson Foods, Inc. is the leading exporter. The pork, chicken, and beef segments are comprised of the company’s operations related to domestically raising and processing livestock to create the products that are then marketed to food retailers, foodservice distributors, restaurant operators, hotel chains, and noncommercial food establishments. The prepared foods segment includes the operations related to manufacturing and marketing the frozen and refrigerated food products and the operations dedicated to moving them through the supply chain. This segment is where brands like Hillshire Farm®, Jimmy Dean®, and Ball Park® are found.

The company uses a 52- or 53-week accounting period that ends on the Saturday closest to September 30, meaning that their fiscal year end is usually in the end of September or the beginning of October. Companies use this type of accounting period when they want the last day of the fiscal year to always be on the same day of the week. For Tyson Foods, Inc., it is most likely that they have chosen this to be the end of their fiscal year, because they experience a peak in sales during this time period.
2. **Who are your company’s auditors?**

The auditors for Tyson Foods, Inc. are from PricewaterhouseCoopers in Fayetteville, AR.

3. **Describe each asset on your company’s balance sheet. Determine any relevant accounting policies related to these accounts. Do the same for liabilities and equity accounts.**

The assets section of the balance sheet includes cash and cash equivalents, accounts receivable, inventories, other current assets, assets held for sale, property, plant, and equipment, goodwill, intangible assets, and other assets.

Cash and cash equivalents includes cash and other highly liquid assets that are readily convertible or close to maturity. The first footnote details that carrying value for these determines fair value. Accounts receivable includes amounts of money owed to the company by its debtors. Inventory is the account that consists of items such as goods in stock that are liquid, meaning that they will be sold or converted to cash by other means within the period. The other current assets section houses other assets that will likely be converted to cash within the period.

Assets held for sale are long-lived assets for which the company has a disposal plan that includes a sale. These assets are stated at the lower of carrying value or fair value, and depreciation is not charged on them. Property, plant, and equipment is the account that is used to hold types of long-term assets such as land, buildings, and machinery. The 10-k details that the company generally depreciates these assets on a straight-line method. Goodwill is a type of intangible asset that is associated with the purchase of another company. Examples of goodwill are customer base, brand recognition, and patents. The intangible assets account is comprised of all other intangible assets such as copyrights, trademarks, and intellectual property. In the other
assets section, the company outlines in the footnote that investments are included. Because these are not reported in other current assets, it can be assumed that they are long term investments.

The current liabilities section of the balance sheet is comprised of current debt, accounts payable, other current liabilities, and liabilities held for sale. Following that portion is the long-term liabilities section, which is made up of long-term debt, deferred income taxes, and other liabilities.

Current debt is a grouping of all debt that must be realized by the end of the period. Similarly, accounts payable is the section of the balance sheet that includes amounts owed to other parties that must be paid within the year. Other current liabilities is the section made up of all other liabilities that are to be handled during the period. Liabilities held for sale are those for which it is highly likely that they will be disposed of by means of a sale.

Long-term debt is the section that houses the liabilities that will be paid in the far future and not during the current period. Deferred income taxes are liabilities that result from a difference in income recognition between stated tax laws and the company’s accounting methods. This means that the payable income tax for a company may not equal the total tax expense recorded. The footnote indicates that the other liabilities section on this balance sheet is comprised of commitments and contingencies and lease equipment and property.

The equity accounts on this balance sheet are common stock, capital in excess of par, retained earnings, accumulated other comprehensive gains and losses, and treasury stock.

Common stock can be simply defined as shares of ownership in a company. The common stock on the balance sheet is representative of the number of shares of stock outstanding. Capital in excess of par is the result of when shares are sold at a price above par value. Retained earnings is the amount that is left of net income after dividends are paid to shareholders. The section for
accumulated other gains and losses is where the company reports all other previously unrealized gains and losses. Finally, treasury stock is stock that has been repurchased by the issuer. This is what makes up for the difference between stock shares issued and shares outstanding.

4. **Describe your company’s customer base. Describe your company’s specific sources of revenue and their revenue recognition policies.**

Tyson Foods, Inc. has a broad customer base. While they mainly market the convenience of their products in order to appeal to parents, kids, and young adults, customers of this company include virtually everyone who shops in markets or grocery stores for protein products. The company states in the 10-k that revenue is recognized when ownership and risk of loss are transferred to the buyers, usually on delivery-based terms of sale. Additionally, they say that ~12.22 percent of sales revenue is generated from outside the United States.

5. **Describe your company’s suppliers. What types of costs are included in your company’s COGS?**

Tyson Foods, Inc. states that they work with a wide range of suppliers and partners. A majority of the company’s suppliers consists of independent livestock farmers. They partner with thousands of chicken farmers, cattle ranchers, and pig farmers to domestically raise the livestock to support their massive protein business. Their COGS would include costs such as raising and processing the livestock, procurement, packaging and curing, and distribution.

6. **Describe each category of other operating expenses on the income statement. How do these expenses help generate revenue?**

There are only two listed operating expenses on the income statement for this company. They include research and development expenses and selling expenses. Research and
development helps the company to formulate new ideas and bring to life new product launches. This helps them to compete with and stay ahead of their competitors. Selling expenses help generate revenue, because they are directly related to providing the means to sell the products, thus providing sales revenue. Increasing sales results in an increase in revenues.

7. **How have revenues and expenses changed over the last three years?**

Over the last three years, both revenues and expenses for Tyson Foods, Inc. have continued to grow. In 2016, the company experienced a decline in sales, but profits still increased from the previous year. For the following year, sales began to grow again along with revenues and expenses. An article in the *Wall Street Journal* tells readers that Tyson Foods, Inc.’s profits will continue to grow with the sales, and an article in *Seeking Alpha* analyzes the stock and tells its readers of how the results of recent years are good news for investors.

8. **Compare your company’s net income to their cash flows from operations. What accounts for the difference?**

For 2018, the net income for Tyson Foods, Inc. was, in millions, 3,027, and the net cash provided by operating activities was, in millions, 2,963. The factors for this company in particular that account for this difference are depreciation and amortization, deferred income taxes, a gain on dispositions of businesses, impairment of assets, and stock-based compensation expense.

9. **Which accounts on your company’s balance sheet contain estimates or judgement?**

There is a section of the annual report dedicated to explaining which accounts include estimates and judgements. Contingent liabilities is an account that contains uncertainty, because the outcome will result from future events, and determination of dollar amounts requires
estimates and judgments about future conditions. Marketing, advertising, and promotion costs are also estimated, because costs are allocated based on estimated potential performance and utilization of each of these.
CASE 4: THOMAS SOWELL
December 4, 2019
The objective of this case was to identify relevant political issues and understand different perspectives in relation to them. This assignment began with the proposal of two political questions to the class, after which the students were given time to freely take note of thoughts and opinions related to them in preparation for an open discussion to follow the questions. I enjoyed this part of the case because it was focused on current issues and gave each of us an opportunity to freely think. I felt that the discussion portion was beneficial because for many people, it can often times be difficult to understand or even listen to the opinions of others in certain environments. I appreciated that each standpoint was welcomed by the class, and I felt that everyone reasonably supported their opinions. I liked how involved this case was because it not only allowed us to include our own opinions about real, current events, but also gave the opportunity to share with others and give and receive feedback from peers and from the professor.

The second section of this case was devoted to watching an interview of Thomas Sowell, an American economist and social theorist. I found this interview to be very interesting and thought-provoking. I believe this case was very beneficial for the class, as it taught that along with the many pressing political and social issues in this country, there are many different viewpoints and possible courses of action. The video interview introduced the class to many political and societal opinions that could be classified as unconventional. I find this to be very important and valuable, as gaining a wide variety of knowledge and understanding multiple different perspectives are important factors when it comes to learning and being educated about events and issues. It is important to be educated on each topic we plan to form an opinion about, because being uneducated or misinformed can lead to many problems and inaccuracies.
During the interview, Sowell covered multiple political and social issues and relatively thoroughly explained not only his thoughts, but also how and why his opinions were formed into the way they currently are. While many topics were covered, there were a couple that stood out to me, the first being the concept of vision and its categories: constrained and unconstrained. Sowell describes unconstrained vision as the “lets fix it” attitude people have every time a problem arises, meaning that the people with this type of vision are more likely to confront an issue first with solutions before anything else. On the other hand, he says those with constrained vision are more likely to, when approached with an issue, analyze what sort of past history or event has caused the current event to happen. I found this concept to be very interesting because while it is common for Americans to be categorized as such, the classification is typically based on either uncontrollable factors like gender and race or aspects like beliefs and values. Political party affiliation is an example of this. The classification based on vision stood out to me, because it is not based on any of these things. It is based simply on how people view the world and how or if they choose to take action.

The next matter of discussion that caught my attention was when Sowell was giving his thoughts on poverty. He stated bluntly that a person’s level of poverty is dependent solely on his or her lifestyle choices. He gave statistics showing that regardless of race, gender, or any other factor, lifestyle choices, such as marriage, education, and things as small as library card ownership, are key to not living in poverty. While I cannot say that I completely understand or agree with this, I do believe that it is an interesting concept. I personally believe that poverty hinders many desired lifestyle choices and for that reason, certain ways of life cannot simply bring a person out of poverty. Things such as education, library cards, and even marriage require some sort of payment that if truly in poverty, people do not have the means to “choose” to do.
The problem behind my opinion, however, is that I have not lived in true poverty and can only view the situation from an outside standpoint. Sowell’s theory could very well be completely accurate, but I do not have the perspective that allows me to agree with his thoughts.

All in all, I really enjoyed this case. I felt as though it was our most involved case, which I believe was helpful to the class as it helped us learn to gather our thoughts and then cohesively share them. I also liked the video portion. I think it is important to be exposed to many different opinions and viewpoints on many different subjects regardless of whether we agree or disagree. It helps us learn and also helps us to grow our knowledge in order to better formulate our own ideas.
CASE 5: REGULATION FULL DISCLOSURE
January 29, 2020
For this case, we have been given the task to become educated on the topic of Regulation Fair Disclosure (Reg FD) in order to be able to advise a client and answer questions related to the matter. I enjoyed this case, because it was centered around a subject very relevant to a future career. When advising clients in the future, it will be important to know what Reg FD is, why it was created, and how to follow its rules. If I, as a consultant, were not educated on this topic, it could potentially be detrimental for any client of mine seeking advising. I appreciate that this case has not only asked of us to learn about Reg FD, but also given us a scenario in which we can apply our knowledge and understanding. Advising clients is not always going to be easy, nor present a clear and obvious answer to any and all questions they may ask, so I liked that this case incorporated learning and also the application of what we were to learn.

Regulation Full Disclosure (Reg FD) is a rule that was passed in 2000 by the Securities and Exchange Commission (SEC) to assist in the prevention of selective disclosure by publicly traded companies. Reg FD states that when an issuer discloses material, nonpublic information to a limited or selective group of entities or individuals, such as stockholders or analysts, the issuer must also make public disclosure of that information. That is, if an issuer discloses material, nonpublic information to one party, they must make the information available to the public. The purpose of this is to level the playing field between individual and institutional investors and also avoid a loss of confidence in the markets. This has an effect on reporting actions, because it is no longer possible to report nonpublic information to a limited number of entities. What is reported to them must simultaneously be reported to the public as part of a press
release. This includes recordings of communications or interactions between the issuer and securities market professionals.

The articles presented in this case describe how big wig analyst figures have shaped the image of analysts in investors’ minds. The reason that Reg FD exists is to, as stated above, level the playing field between types of investors and analysts. Without Reg FD, it is clear that the businesses of investors and analysts would be drastically different. It would become more about who they know rather than what they know, and institutional investors and analysts would have a vast edge over individuals due to their access to more nonpublic information. Reg FD exists to keep fairness in place when it comes to the presentation of material information.

In my opinion, for this situation, violation of Reg FD depends on the accessibility of the Facebook account. There have been instances in the past where executives of other companies have shared business-related information on social media, and while it may be unconventional, it does not violate Reg FD as long as the public has access to the information. If the Facebook account on which the nonfinancial information has been reported is private, or hidden from the public and only viewable by close friends, then Reg FD has been violated. Otherwise, as long as the public is able to access the reported information, use of social media is not grounds for accusation of violating Reg FD.

After reading the Forbes article, my opinion in regard to my client posting on Facebook remains the same. Netflix CEO Reed Hastings wrote on Facebook information about the company’s streaming numbers in 2012 and was not prosecuted. Later, Tesla’s Elon Musk
published a controversial tweet about his plans for the company and was still not prosecuted.

While it is true that he could still possibly face lawsuits from shareholder and other entities, the fact of the matter is that the SEC and regulators did not determine that he was in violation of Reg FD. With these cases in mind, my opinion remains the same in believing that my client did not violate Reg FD by posting on Facebook, given that the information was made viewable by the public.
CASE 6: IS IT TAXING?
February 26, 2020
In this case we had to pretend that we were tax consultants who did the personal taxes for the CEO of a client company. After having finished his taxes, we went to eat lunch with him where he told us that his 13-year-old daughter is a YouTube star that makes between $10,000 and $15,000 a month and receives dozens of free packages a day from fashion and beauty vendors that she then promotes in her videos. She has been doing this for the past four years. After hearing this we realize that all of this income has not been taxed, and we did not include it in his tax return that we just completed for him. We are then tasked with finding out if this income of his daughter’s has any effect on his tax return and if so, to what extent.

This was a very complicated but interesting case. Neither my partner nor I had taken a tax class prior to this case, so everything about this case was new to us. We had to use the Internet to discover everything that goes into a tax return and how his daughter’s income would affect his tax return. At first, I did not think that this would affect him that much, but after doing research on the subject, we found out that leaving out this income on his tax return was actually a very big deal. He was committing tax evasion and owed the IRS a lot. We also learned about different rules that the IRS has such as the kiddie tax that forces his daughter to also fall under the highest tax bracket with him. Overall, both me and my partner learned a lot about tax returns and dependents while completing this case study.
Memo to The Group:

Dear The Group,

I am writing in regard to a recent finding that may severely affect a client of mine, Frederick Clyde. After filling his personal tax return, I had lunch with him. While talking with him at lunch, I discovered that he has a 13-year-old daughter, Emma, whom Mr. Clyde claims as a dependent on his annual tax return. Emma has been making between $10,000 and $15,000 a month making YouTube videos for the last four years. Along with this monthly income, she also receives approximately a dozen free packages a day from fashion companies wanting her to wear their products and advertise them to her 5 million YouTube subscribers. Emma has saved all of her income to date in an interest-bearing bank account.

All of this income that the daughter has been receiving for the past four years, as well as unearned revenue from her interest-bearing bank account that is subject to the Kiddie Tax, has gone untaxed and unreported to the IRS. Due to Emma’s young age, Mr. Clyde is responsible for her income and her individual tax return. I fear that there are many consequences for the ignorance of Mr. Clyde in regard to his daughter’s income, and I seek assistance in potentially correcting this year’s return as well as accounting for errors in past years’ documents.
Memo to Frederick Clyde:

Dear Mr. Frederick Clyde,

I am writing in regard to our conversation during lunch the other day. After hearing about your daughter, Emma, and her YouTube income, I regret to inform you that not only is Emma’s income not exempt from tax laws, but also that despite Emma’s age, she is still responsible for reporting her high amount of earned and unearned income to the IRS in the form of a tax return. Because she is a minor and a dependent of yours, this responsibility therefore falls on you.

Emma’s taxable income includes the money she is earning monthly from her videos, as well as any interest earned as a result of keeping her earnings in an interest-bearing account. Because there could be serious consequences for such negligence, I would like to set up a meeting with you as soon as possible to create a plan for correcting this situation. Please get back to me as soon as possible, as this is a very time-sensitive case.

Sincerely,

Jimbo Cushions

Emma’s YouTube Channel Name: Not Yo Average Emma
CASE 7: BLOCKCHAIN
March 6, 2020
For this case, the class worked together in the form of a group game that was meant to mimic how blockchain could have an effect on a global economy. To say this game was chaotic would be an understatement. Members of the class were divided into groups that were representative of different elements of the economy and blockchain. The groups included business managers, auditors, Big Mama and Big Papa, and the cloud. The business managers were separated into 4 different “states,” and each of these states had their own board of the game Monopoly and were the actual players of the four separate games. The auditors were supposed to be in charge of ensuring compliance with GAAP within the four states and also accuracy within the blockchain. Big Mama and Big Papa were 2 individuals who were meant to represent a sort of global authority figure. These people had to be consulted each time any interstate commerce activity occurred. The cloud was a group that sat outside the classroom, and their job was to keep record of every activity happening within the classroom, or in this instance, the global economy. The cloud had designated “runners,” who were people who would go back and forth between the economy and the cloud with information from each transaction they recorded, whether from Big Mama and Big Papa or from the individual states.

The goal of this case was to teach us about blockchain and allow us to visualize what kind of an impact it could have on a global economy. As hectic as this game was, I do feel as though it gave us a good representation of how blockchain works and fits in with the activities of economies. Blockchain is a very emerging technology, and I believe it is important for us as students and future professionals to get exposure to the idea of blockchain as early as possible in order to effectively understand and use it.

Blockchain is the name for the system in which records of transactions using cryptocurrencies are maintained across several computers linked in a network. Simplified, the
“block” is the piece of digital information, and the “chain” is the database where all the “blocks” are stored. In our scenario, each transaction, whether within a state or between different states, was part of a “block”, the runners were representative of the bandwidth carrying the information to the cloud, which was meant to be the “chain.”

My role in the game was a business manager in state two. As business managers, we played the game of Monopoly and consulted Big Mama and Big Papa every time we wanted to buy a property or if we landed on Chance or Community Chest. We also had to consult runners each turn, because they possessed the information necessary to know if we were required to pay rent to a different state after landing on a property. For each turn, transactions were recorded individually, and from that information, financial statements were created following the end of the game. My personal financial statements are pictured on the following page.
Figure 7-1

**Income Statement**
For the First Period of Operations

REVENUES
sale (rent, service fees)

minus

EXPENSES
3x (rent)

equals

NET INCOME
278

(If this number is negative, you have a NET LOSS)

**Statement of Retained Earnings**
For the First Period of Operations

Beginning Retained Earnings

plus

NET INCOME
278

minus

Dividends

$0

Equals

Ending Retained Earnings

278

**Balance Sheet**

ASSETS:
Cash
178

Properties
722

Buildings
0

Total ASSETS: 1,778

LIABILITIES:
0

EQUITY:
Stock
1,500

Ending Retained Earnings
278

Total LIABILITIES
PLUS EQUITY: 1,778

(Enter amount from ENDING RETAINED EARNINGS from Statement of Retained Earnings here)

(Enter total of LIABILITIES, STOCK and ENDING RETAINED EARNINGS here)
Because I was in a business manager role for the game, my opinions derived from the game are ultimately a result of my personal experience. From this prospective alone, blockchain seems to have too many opportunities for error and misstep for it to be successful for a global economy. For example, there was an announcement mid-game that the runners were not operating cohesively and were not all taking down the correct information for each transaction. Lucky for us, in our situation, they could just move forward from there and begin better implementing the procedures. This would not be true for an actual economy. This seemingly small error actually meant that all previous transactions should have been reviewed in search of errors and corrected in order to maintain the accuracy of the database. This would be a major issue in a real economy and would not be an easy fix.

Another issue I believe would be a severe problem if this system were to be implemented into a global economy is that the bandwidth, represented by the runners, was less than ideal in terms of efficiency. There were times where my state was waiting on a runner for so long that our entire game was brought to a halt. This is fine when playing a board game, but in an actual economy, operations cannot stop just to wait on information to be received by the cloud. The system of recording and maintaining transaction records was extremely inefficient.

For these reasons, after participating in this activity and seeing the effects of each element of our blockchain system on our hypothetical global society, I do not believe that blockchain is likely to be successful for an entire global economy.
CASE 8: INTERVIEW
April 1, 2020
For this case, our assignment was to virtually reach out to someone in the business community and conduct an interview to learn more about them. I enjoyed this case, because it was a chance to not only connect with someone in the business community, but also to get insight about what a business career is like from the beginning and working up the corporate ladder. I feel that as casual as this sort of knowledge may seem, it is important for us as students at this stage in our college careers to be reaching out and learning more and more about the business world. I liked that this case was not necessarily specific to our future accounting careers, but more tailored toward us gaining knowledge of what it is like to be in a position within the business world in general. Not everyone’s path to success is the same, and it was interesting for me to learn about how someone who never aspired to have such a successful career has worked herself up to such an esteemed position in her company.

For this interview, I chose to interview my Aunt Kim. I chose Kim for this case for a few reasons. She has been so fortunate in her career, and she continues to pursue success even today. Also, given that she is a relative of mine, it was much easier to virtually meet with her than it would have been to contact someone else outside of my close circle. For the interview, I asked Kim a series of questions, and I also asked her to elaborate further beyond each question if she felt as though there was more for me to know about a particular subject. I have always looked up to her as a businesswoman, and I am very grateful to have had the opportunity to learn so much from her though this case assignment.

While Kim was growing up, her family was often moving due to her father’s (my grandfather’s) job. He worked in Major and Minor League Baseball and was constantly being relocated to work with different teams and programs. She spent the majority of her childhood in Florida, and by the time the family was asked to relocate again, she was old enough to make the
executive decision to stay in Florida. She has been there ever since. During high school, like me, Kim started working at a local bank. Rather than attending college upon graduation, she decided to continue working full time at the bank. She had no aspiration at the time to further her education or career. She was eventually offered a promotion on the condition that she attend the local community college to pursue at least an associate degree, as it was an official requirement of the promotion position. She accepted and enrolled in part-time online classes.

She later married her current husband and was presented with the opportunity to no longer have to work. She, like many people would, jumped on this opportunity and left her job at the bank. Unfortunately, she claims, she quickly became bored. She had been working since she was a kid and did not know what to do without the time demands of a job. This led her to accept a part-time position with Florida Power (now Duke Energy) doing simple work operating the switchboards. At this point, she still had no intention of furthering her career. However, before she knew it, she was moving up the ranks. While she describes her hard work and determination to make a difference in the company, she also says a lot of her success is a result of “being in the right place at the right time.” She eventually continued her education online and now has her Bachelor’s degree. She is currently the Prototype Manager at Duke Energy, a position in which she had no intention of being when she started. She says she is very fortunate and grateful to have had so many opportunities. She credits her first job at the bank with teaching her so many important life lessons when it comes to work, such as hard work, determination, focus, and other attributes of a superior employee.

Upon shifting the conversation to non-work-related topics, Kim offered to me some extremely helpful advice and shared with me some great stories. Kim loves her life outside of work. She stays busy with her husband, her parents who have retired to Florida and live down
the street from her, and her children and grandchildren who visit often. She loves the life she lives, and she says the only things she would ever change are more time spent with family who live farther away, as our family is relatively spread out across the country, and she wishes she would have known at a young age how much she could accomplish. She is truly the success story of the family so far, yet so humble that she would never agree with that statement. Her advice to me for my career is to keep reaching for where I want to be. She says even when she tried to leave her goals behind, they kept calling her. She says she doesn’t want me to make the mistake of thinking my aspirations are impossible, because all it takes is determination and perseverance.

When asked about challenges, she said she could not speak for her entire generation, but she did say that she believes a challenge for her, personally, will be knowing when to stop. My grandfather retired and came out of retirement twice before he finally decided to settle down, and she sees that same fire in herself. She jokingly says she is going to work herself to death, because she loves her career so much. She says she thinks the biggest challenge for my generation is going to be keeping up. She expressed how she feels times are changing so fast, and what was considered to be a satisfactory amount of knowledge about a subject back in her day is now not nearly enough. She says that things are always emerging and changing, and she feels as though it will be my generation who is always playing catch up.

I am very grateful to have been able to talk with my aunt about her life and career. I am now, and always have been, so appreciative of her advice and guidance. She is an inspiration to me, and I can only hope to be as successful in my career as she is in hers.
CASE 9: INTERNSHIP INTERVIEW
April 20, 2020
The assignment for this case was to reach out and virtually interview an Ole Miss student who has gone through recruiting and completed his/her internship. I am grateful to have been paired with Caroline McLeod, who just finished her internship with KPMG in the Houston office. My Zoom meeting with her was extremely helpful, and she has played a major role in helping my decision-making process.

I feel that this case was perfectly timed and one of the most informative and helpful cases yet. I was personally very upset to know that our class internship panel would no longer be possible, and I was scared that I would be missing out on valuable information. I am appreciative that Dr. Dickinson made this possible in order to help us all get as much advice as possible. Peer advice, in my opinion, is some of the most helpful advice that a student can get. It is the best way to get an idea of what to expect, and that is definitely something I have been needing while going through this process. Talking with Caroline not only helped push me closer to my decision, but also allowed me to get incredibly valuable information about classes, recruiting, the internship, and even free time that I would not have been able to get otherwise. The information and advice that I received as a result of this interview has allowed me to be more confident about my next couple of years, as well as the start of my career.

Caroline and I began my talking about the recruiting process. I shared with her what little I had experienced, and she told me about what the process was like for her. I expressed to her that I am concerned that because of COVID-19, I have not been getting the exposure to the firms that I need to make the right decision. She assured me that the reasons for which I am leaning toward my firm of choice are exactly the same reasons she had, even with having the full recruiting experience. I also told her that I have been nervous about deciding due to the fact that I did not have much interaction with some firms that I have offers with, and while I may not know
many people from those firms, I do not want to count them out. I feel as though this pandemic has made the process unfair for everyone. In response to that, Caroline was so kind as to give me some insight about her recruiting experiences with some of those firms. While I know that my experiences would have likely been different, it was still so helpful to know that she experienced with each firm. It helped me get a better idea of the cultures and expectations to have of each firm that I have not been able to interact much with myself.

After talking about the recruiting experience, we started talking about Caroline’s internship. She explained to me both what her time there was like and also gave me as much information about the tax side of things as she could. She was an audit intern herself, but she told me everything her tax friends had told her. She gave me a lot of motivating advice about how to be a high performer and what kinds of things professionals are looking for in an intern. Her advice for being a high performer included being upbeat, arriving early, and always taking notes. She said she carried a notebook everywhere just in case someone was to stop her and ask her to do something. She mentioned that it is always better to take notes than to have to go back and ask about something that was already said. We talked about everything from how training to works to what the last week entails. I was extremely grateful for this information, because I am the type of person who likes to know exactly what to expect. She told me about the long hours that she worked during those weeks and how that would most likely be different for a tax intern. She mentioned some of the aspects that were not as fun for her, and she was sure to include the much different complaints that her tax friends had expressed. All in all, she gave a great description and incredible advice about what to expect and how to perform during my internship, even though it will not be the exact same as hers. My favorite piece of advice from her was to do the meaningless tasks with just as much effort as I would put into an important task. She says
that this is the best way to be a high performer, and it shows the professionals that I care about the work and have what it takes to do the big and important jobs.

Caroline had mentioned in the beginning of the interview that she was part of the KPMG MADA program, so I started to ask her more questions about that. She did her best to give me an accurate timeline of deadlines and things of that nature associated with the program. She told me when she took her GMAT and sent me some links to study materials to do well on the exam. We talked about the program’s interview process, and she explained to me how being a part of the MADA program would change what my internship and graduate year will look like. We talked about the second internship that MADA students do in the spring of their graduate year and the differences associated with that also. She expressed how appreciative she is of the program and said she definitely recommends I apply for it. I was extremely grateful for this information, because I had not yet met anyone else yet who is in the program, and I was already looking to get more information about it. Caroline talked through the program with me very thoroughly and has led me to strongly consider pursuing the MADA sponsorship.

Along with GMAT study materials, Caroline also sent me a lot of other helpful links and materials during our call. Included in these was a cheat sheet for Microsoft Excel functions and shortcuts. She told me while we were talking that when she was being recruited, a KPMG partner sent her these cheat sheets to help her learn before starting her internship. She said that because she went into her internship already knowing these materials, she ended up being a lot more skilled and a lot more helpful to seniors than her intern peers were.

The last thing we talked about was different classes to take both at the end of undergrad and during my graduate year. I don’t have too many friends that are ahead of me in school, so this information is extremely valuable. Overall, this case assignment has definitely been the most
helpful. Talking with Caroline, both helped me learn a lot and also allowed me to be a little less stressed about what the future holds for my career.
CASE 10: ECONOMIC CRISES
April 27, 2020
For this case, we were presented with a series of materials in the form of articles, videos, and a movie and instructed to read/watch each of them in the order given. Each source focused on a different topic in relation to financial services, the stock market plummet of 2008, and relationships between the federal government and financial institutions.

The first video was a short, explanatory infographic about crony capitalism. While short in time, this video helped me understand what crony capitalism is and how it works, as I previously did not know much about it.

The second objective was to watch in its entirety the movie *Inside Job*, a documentary about the stock market crash of 2008. The movie detailed all aspects of the crash, from the events leading up to it to the aftermath and accountability of those who caused it. While I am not usually a fan of documentaries, I thought this one was very interesting and educational. I especially liked that in the end of the documentary when the topic is accountability, the interviewer was asking his interviewees direct questions about whether or not they felt they should be held accountable. It is a severe issue in today’s world that people in positions of power tend to refuse to acknowledge that they have broken a law, caused problems for people, or really done anything wrong at all, and they do not ever accept accountability for it. This film not only shed light on these issues but did so in a way that it is absolutely undeniable that corruption exists.

The third was an article from Wired about David X. Li’s risk-calculating formula that caused turmoil for Wall Street. His formula was meant to show dual probability and help others calculate risk in terms of investments. However, the formula’s fatal flaws were ignored, the purpose of it was drastically misinterpreted, and what could be called pure ignorance by Wall Street figures led to incorrect assessments and absolute chaos among Wall Street and the market.
Following that article was an article from The Rolling Stone that was written to exploit Goldman Sachs for playing a role in every economic disaster and market manipulation since the Great Depression. The article explains to the reader everything about Goldman Sachs, including how the firm started, how they operate, and how they have apparently been able to get away with so many wrongdoings. The reading is separated into sections that explain each economic bubble from the Great Depression in 1929 to the crisis in 2008-2009 and what role Goldman played in each of them. The goal of the article as a whole is to express that there is corruption within the financial services industry, and specifically with Goldman Sachs, and the proof lies in the fact that each time the economy has suffered, the same bank has been rewarded with tons and tons of virtually free money at the expense of none other than the American taxpayers.

The final reading, an article from Vanity Fair, describes through an interview with a senior banker just how much Wall Street professionals truly despise Donald Trump and his presidency. The rather short article takes the reader through the interviewee’s opinion on each of Trump’s “successes” as president. In fact, he does not see them as accomplishments at all. He believes that Trump is ignorant and too blind to see that his “victories” are actually, for the most part, causing more issues for Americans. The banker also describes his feelings toward President Trump’s supporters, saying that they agree with everything he does regardless of what it may be or the affect it may have.

Upon starting the work for this case, I did not think that I was going to enjoy it at all. However, after reading/watching through the materials, I came to realize how important information like this is and how helpful these materials could be in shaping how I conduct business in my future career. I enjoyed learning more about the financial crises that America has endured and how widely known people and firms played a part in causing them. I also took from
this case a lot more knowledge about how intertwined the financial services industry, the education system, and the federal government both are. Especially after watching the film, I can see now how it is possible for so much corruption to have come about and persisted even until today. It has come to my attention throughout this case that there is a battle being fought with the financial system even today, yet many Americans know nothing about it or how truly horrible it is.

The materials watched/read have definitely changed some of my beliefs. Having worked for a bank (a community bank, but still a bank) for so long, I had become an advocate of the system. Now, obviously, I was unaware that on a larger scale, the system is this corrupt. Regardless, I had become a supporter of how banks and financial services conduct business and generate profit. And while I do still support how banks on a small-scale work, I can no longer express support for the activities happening on Wall Street and in Washington. The amount of illegal activity, conflicts of interest, and scamming of American people is absolutely horrible. I personally believe that while this information is readily available, that there are many Americans who are unaware of how cruel the situation really is. If this knowledge were as widespread as the false reports that these people have written, I think that the firms would rightfully be able to be held accountable, and the American taxpayers and investors would be better off.

After reading and watching all of these sources of information, I have come to feel a sense of responsibility. So often, people go into a career with values, morals, and a sense of ethics, but they come out twisted and corrupt. Specifically, this happens in financial industries and politics, which are so closely related. I feel that it is my responsibility as a professional to stay true to my values and be an advocate for American taxpayers. That is what financial professionals are supposed to do: help the people. In addition to professional responsibility, I feel
that it is my personal duty to not only stay informed about the happenings within the economy for the wellbeing of myself, but also for those around me. Being educated on the current economic conditions will allow me to help others and act accordingly in line with what is the right thing to do.

The current virus crisis has already, and will continue to, have a major impact on the economic and political climates in the United States. The stock market has fallen drastically, the prices of oil are continuously falling, businesses are failing due to lockdown, and the American people are terrified and uncertain. In addition, many people feel as though their constitutional rights are being threatened by COVID-19 ordinances. For instance, in Oxford, there is a new rule that people cannot enter essential establishments if they do not have some sort of face mask on. While this seems fair enough, there are many people who feel that their rights are being threatened, because they are being denied entry to a public establishment. On a more general scale, there are people all over that think the entire pandemic is political nonsense. The opinions of these people who feel threatened are causing tension for political climates.

I believe that every situation like this pandemic, a financial crisis, or whatever it may be is a prime opportunity to take what we as a country have learned from our past mistakes and come out of the current situation stronger than the time before. For example, it would be wise of our government to take into consideration how the last financial crisis was handled, what about that was right and wrong, and how they should have done it differently, and use that reflection to lead us through this difficult time. Learning from the past is a concept that applies to all people and all aspects of life, and the government is no exception to that. I feel that now, during the midst of this chaos and while people are looking to the government for guidance and answers, is
the perfect time to try and unwind the status quo. Not every crisis this country experiences has to end the way the previous ones have. History only repeats itself if it is allowed to.
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**Honor Code**

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on these case studies.

Carissa Landers