

ACCT 101 - Fundamentals of Accounting I

"Into the Real World" - Writing Assignment

Profiling a Corp.

The point value for this assignment is only ___ points. However, the purpose for assigning this exercise is to introduce you to some research fundamentals that you will most likely be required to use at the university level.

Gathering information via the Internet:
--

Select a public corporation that you have an interest in. It will be DIFFERENT FROM YOUR FRIEND'S. DO NOT USE THE SAME COMPANY. Using the Internet, develop a short profile of the company. Within your narrative writing assignment, include the following information:

- Name of Company
- Stock ticker symbol
- State of Incorporation (look at the first page of a 10K)
- Nature of the operations
- Total Assets for most recent balance sheet
- Total revenues from most recent income statement
- Net income from most recent income statement
- What classes of stock do they have (common, preferred or both - look at the equity section of a balance sheet to help)
- What is the market price today?
- What is the high and low stock price for the past year?

- What was the basic earnings per share? (See bottom of income statement.) Describe what that number means.
- How much did they pay out in dividends per share and what was the dividend yield? Describe what these numbers mean.
- What is the p/e (price earnings ratio). Describe what this means.

Summarize some significant key developments that have happened to your company over the past six months.

Based on the very SHORT TERM analysis of this company, would you consider investing in this company at some point in the future with "real dollars."

This is a WRITING ASSIGNMENT. WRITE A PAPER including all of the above items in a narrative format. (Do not simply turn something in with the answers.) Form an opening paragraph, address the questions within the body of the narrative, and develop a closing paragraph. In addition, attach the worksheet to your paper that shows the results of your stock investment.

TRACK A STOCK FOR TWO WEEKS

Purchase a fictitious 100 shares of your stock:

Research the market price of a share of stock of the company you pick on the day of this assignment. Write down the cost of purchasing 100 shares of this stock TODAY. Using the attached worksheet, figure out the "net investment" cost of the stock.

Calculate the return two weeks later:

Two weeks from today (or later), you will again research the stock price. You will calculate the return by completing the attached worksheet. We will compare the % return on investment with other classmates.

More on gathering information about your company.

There are many ways to research a company. The easiest (which I will demonstrate in class is www.msn.com) Some of you may choose to use readily available search engines such as Yahoo, Lycos, and Infoseek.

Most of the information you need can also be obtained from many different Web pages.

EDGAR

Another very useful tool for business majors doing financial research on a company is a service offered by the Securities and Exchange Commission (SEC) called the EDGAR database. EDGAR (Electronic Data Gathering, Analysis, and Retrieval System) performs automated collection, validation, indexing, acceptance, and forwarding of submissions by companies who are required by law to file forms with the US SEC. As stated in its web page, its primary purpose is to increase the efficiency and fairness of the securities market for the benefit of investors.

Be forewarned that the SEC filings are usually very long. Be careful of what you print out because ***it could be well over 100 pages long***. For class purposes, I would suggest you just get into the site and pull up a public filing. **DO NOT** automatically print it out.

To get to EDGAR, go to the following URL address: www.sec.gov/edgarhp.htm

Then go to the - Search EDGAR Archives option.

Type in a company name where prompted and a list of SEC filings will be brought up. You should be familiar with the following types of reports:

10K Annual Report

10Q Quarterly Report

8K This could be a Pro-forma statement or some other type of earnings press release, or a major event which is required to be disclosed by SEC rules.

Click on whatever file you find to review the contents.

Final Note:

The purpose of this is to expose you to various research resources and to, hopefully, bring some "real life" into the chapter on stocks. Have Fun! Don't be afraid to experiment. You may want to pick 3 or 4 companies just for fun and see how much "wealth" you can accumulate. Above all, please ask questions.

This paper should be TYPED and should include a cover page with YOUR NAME, the NAME OF THE ASSIGNMENT, the NAME OF THE COMPANY, and the current date. Double spaced please. Also include the tracking page below to the back of your assignments.No citations are necessary.

Tracking Your Stock

Ticker Symbol _____

Date of "purchase" _____

Price per share of "purchase" _____

Computing the Cost of Your Investment TODAY:

100 Shares X Price per share = Total Investment _____

Add Transaction Fee (Assume price of 6.95) + 6.95

Total Investment (A) _____

Check the Stock Price Prior to Exam

Date of re-check _____

Price per share now _____

100 Shares X Today's Price _____ = Value Today (B) _____

Compute the UNREALIZED Gain or Loss:

Value Today (B) _____

Less Initial Cost of Total Investment (A) _____

Gain or (Loss) on Investment (B) – (A) _____ (C)

Return on Investment (C) / (A) _____