

### Session 3A: Post Class tests

Balance Sheets of 3 companies: manufacturing, retail & technology

	Navistar	Nordstrom	Google
<b>ASSETS</b>			
Cash And Equivalents	\$ 1,497.00	\$ 853.00	\$ 18,498.00
Short Term Investments	-		\$101,177.00
<b>Total Cash &amp; ST Investments</b>	<b>\$ 1,497.00</b>	<b>\$ 853.00</b>	<b>\$119,675.00</b>
Accounts Receivable	\$ 225.00	\$ 179.00	\$ 25,326.00
		-	\$ 2,166.00
<b>Total Receivables</b>	<b>\$ 225.00</b>	<b>\$ 179.00</b>	<b>\$ 27,492.00</b>
Inventory	\$ 1,012.00	\$ 1,920.00	\$ 999.00
Finance Div. Loans and Leases, ST	\$ 1,416.00		
Finance Div. Other Curr. Assets	\$ 50.00		
Prepaid Exp.		\$ 278.00	-
Deferred Tax Assets, Curr.	-	-	-
Restricted Cash	\$ 60.00	-	\$ 252.00
Other Current Assets	\$ 265.00	-	\$ 4,160.00
<b>Total Current Assets</b>	<b>\$ 4,525.00</b>	<b>\$ 3,230.00</b>	<b>\$152,578.00</b>
Gross Property, Plant & Equipment	\$ 3,660.00	\$13,131.00	\$115,148.00
Accumulated Depreciation	\$ (2,333.00)	\$ (7,178.00)	\$ (30,561.00)
<b>Net Property, Plant &amp; Equipment</b>	<b>\$ 1,327.00</b>	<b>\$ 5,953.00</b>	<b>\$ 84,587.00</b>
Long-term Investments	\$ 28.00		\$ 13,078.00
Goodwill	\$ 38.00	\$ 249.00	\$ 20,624.00
Other Intangibles	\$ 19.00		\$ 1,979.00
Finance Div. Loans and Leases, LT	\$ 204.00		
Finance Div. Other LT Assets	\$ 3.00		
Accounts Receivable Long-Term	\$ 8.00		
Deferred Tax Assets, LT	\$ 115.00		\$ 721.00
Other Long-Term Assets	\$ 173.00	\$ 305.00	\$ 2,342.00
<b>Total Assets</b>	<b>\$ 6,440.00</b>	<b>\$ 9,737.00</b>	<b>\$275,909.00</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,038.00	\$ 1,576.00	\$ 5,561.00
Accrued Exp.		\$ 510.00	\$ 16,302.00
Curr. Port. of LT Debt	\$ 66.00	-	-
Curr. Port. of Leases	\$ 30.00	\$ 244.00	\$ 1,199.00
Finance Div. Debt Current	\$ 504.00		
Curr. Income Taxes Payable			\$ 274.00
Unearned Revenue, Current		\$ 576.00	\$ 1,908.00
Other Current Liabilities	\$ 1,045.00	\$ 614.00	\$ 19,977.00
<b>Total Current Liabilities</b>	<b>\$ 2,683.00</b>	<b>\$ 3,520.00</b>	<b>\$ 45,221.00</b>
Long-Term Debt	\$ 3,468.00	\$ 2,676.00	\$ 3,958.00
Long-Term Leases	\$ 95.00	\$ 1,875.00	\$ 10,810.00
Finance Div. Debt Non-Curr.	\$ 1,390.00		
Pension & Other Post-Retire. Benefits	\$ 2,032.00	\$ 213.00	
Unearned Revenue, Non-Current			\$ 358.00
Def. Tax Liability, Non-Curr.	-		\$ 1,701.00
Other Non-Current Liabilities	\$ 628.00	\$ 474.00	\$ 12,419.00
<b>Total Liabilities</b>	<b>\$10,296.00</b>	<b>\$ 8,758.00</b>	<b>\$ 74,467.00</b>
Pref. Stock, Convertible	\$ 2.00		-
<b>Total Pref. Equity</b>	<b>\$ 2.00</b>		<b>-</b>
Common Stock	\$ 10.00	\$ 3,129.00	\$ 50,552.00
Additional Paid In Capital	\$ 2,725.00	-	-
Retained Earnings	\$ (4,296.00)	\$ (2,082.00)	\$152,122.00
Treasury Stock	\$ (136.00)	-	-
Comprehensive Inc. and Other	\$ (2,163.00)	\$ (68.00)	\$ (1,232.00)
<b>Total Common Equity</b>	<b>\$ (3,860.00)</b>	<b>\$ 979.00</b>	<b>\$201,442.00</b>
Minority Interest	\$ 2.00		
<b>Total Equity</b>	<b>\$ (3,856.00)</b>	<b>\$ 979.00</b>	<b>\$201,442.00</b>
<b>Total Liabilities And Equity</b>	<b>\$ 6,440.00</b>	<b>\$ 9,737.00</b>	<b>\$275,909.00</b>

1. Net property, plant and equipment (Net P,P&E) at each of these companies is computed by netting out accumulated depreciation from gross property, plant and equipment (Gross P,P&E). Estimate Net PP&E as a percent of Gross PP&E at each company and explain why they are different.
2. Estimate working capital (current assets minus current liabilities) at each of these companies and analyze the differences across them. How would you modify the definition of working capital to make it more meaningful in financial analysis?
3. Navistar has a negative value for shareholders' equity. How would you explain this?
  - a. The company may have had major restructuring and extraordinary charges against income in prior years.
  - b. The company may have reported losses in prior years
  - c. The company may have paid far more in dividends than it reported in net income in prior years
  - d. The company may have bought back stock in large quantities in prior years
  - e. All of the above
4. Google reports goodwill of \$20.6 billion on its balance sheet. Which of the following information does this item give you about the company?
  - a. Google has made a substantial acquisition and the target company has significant intangible assets.
  - b. Google has made a substantial acquisition and paid more than it should have on the acquisition
  - c. Google has made a substantial acquisition and paid significantly more than book value for the target firm
  - d. Google has made a substantial acquisition and got itself a bargain (price paid was well below value)
  - e. None of the above.
5. Navistar has a significant pension and post-retirement obligation shown as a liability. Which of the following does this measure?
  - a. Total pension fund and post-retirement obligations
  - b. Underfunded pension fund and post-retirement obligations (total obligations netted out against pension fund assets)
  - c. Overfunded pension fund and post-retirement obligations
  - d. None of the above