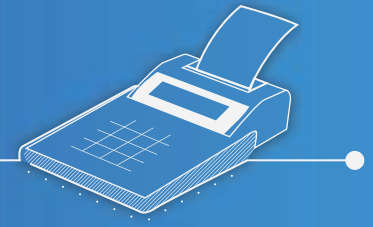


Business is *money*



WEEK 4 & 5

FINANCE & ACCOUNTING

ASSIGNMENT

Finance & Accounting —
Senior Accountant Analysis

DUE DATE

Week 5

Note: While representative of possible situations faced by SunsTruck Sunglasses, all scenarios in this assignment are fictional.

Real Business

Large discount retailers like Target and Walmart employ large teams of Finance and Accounting professionals to help measure and understand the financial health of the business. Financial and accounting information helps these businesses make educated financial decisions, such as whether or not to continue partnering with a retail supplier. While often smaller businesses, it is equally important for these retail suppliers to use financial and accounting data to make educated decisions, such as the best approach to gaining additional funding.

Your Role

This week, you'll assume the role of Senior Accountant with SunsTruck Sunglasses.

What is a Senior Accountant?

Senior accountants take ownership of reporting costs, profitability, margins and expenditures for a given business. They use the principles of accounting to analyze sales information, create financial reports, make recommendations about the financial health of the company, and more. They are also responsible for training junior accounting staff.

For the last six months, SunsTruck has partnered with the discount retail store to run a pop-up sunglasses stand in their stores for a big summer promotion. Due to the high customer purchase rate, the store has requested stock for five additional stores. SunsTruck needs to increase its capacity to meet the additional demand. In order to do so, SunsTruck needs additional money.

In this assignment, you will need to help determine which type of financing option is best for your company and train your junior accountants on the accounting cycle and financial statements.

Instructions

STEP 1: FINANCING

The junior accounting team has assembled a Financing Report that (a) offers three options for securing the additional funds required to meet the new order; and (b) details the criteria Shaun, the owner of SunsTruck, would like you to consider when choosing one of the three options. Based on this report:

- Identify which financing option you think is the best option for SunsTruck to pursue given Shaun's constraints.

Option 1: Equity

Option 3: Debt + Self-Financing

Option 2: Debt

Explain the rationale for your decision.



NOTE: You should complete Steps 2, 3 & 4 after reading the material in Week 5.

STEP 2: ACCOUNTING CYCLE

A junior accountant is working to get everything in order for the new financing and has come to you with a question about what do next in the accounting cycle.

- Read the email the junior accountant sent you and identify the best next step to take in the accounting cycle. Explain your reasoning.



STEP 3: FINANCIAL STATEMENTS

A potential investor has been identified, but before it is willing to commit, it has requested information about Sun'sTruck's current debt from the junior accountants.

- Identify the correct financial statement for your junior accountants that will provide the investor with the information it has requested.

Balance Sheet

Income Statement

Cash Flow Statement

Explain to your junior accountants why you are giving them this financial statement and where the debt information is located.



STEP 4: FINANCIAL ANALYSIS

If you were the type of financier selected in Step 1, would you invest in Sunstuck? Explain the rationale for your decision.

