

Welcome to our week three live session.

I hope you're having a nice week.

So far, we have several important announcements to start off this evening.

So first, let's take a look at the schedule again, we're in week three, we're covering chapter four this evening and next week.

Reminder that there will be no live session.

The content for next week is in the week four module, so let us take a look together just so we see where that is.

Week four, you see week four session, See this page for this week's slide and slides and pre recorded lecture videos.

We won't meet in real time this week.

So what I did, we cover two topics.

Week four, we have non authoritative guidance and then revenue recognition.

Non authoritative guidance split that into two videos.

And same for revenue recognition.

The revenue recognition will be particularly helpful for your memo number one, which we're going to talk about tonight.

So all of this is already available there in week four if you'd like to work ahead.

What else do we have coming up?

This week is the normal week.

We have our week three discussion.

We have week three homework.

Next week we don't have homework, we don't have discussion, but we do have our first memo and our midterm exam.

We're going to talk more about the memo tonight.

Just a brief mention about it here.

Again, it's due next week, end of day, next Thursday, after this evening.

And after you watch the revenue recognition material for week four, you will be in good shape ready to get going on that first memo.

So if you want to work ahead, certainly I would encourage you to do so.

There are some sample memos that are posted in the week four module.

We'll also take a look at those together this evening.

Let's talk about the mid term exam.

So this is going to be the end of week four this weekend, But the next weekend it will open Saturday, July 8 at 08:00 A.M. and be due Sunday, end of day.

I will ask at this point before I forget if anyone would like to have that open Friday, July 7, possibly. Okay.

So that will be modified then.

It will open Friday, July 7, at 08:00 A.M. and then be due Sunday, end of day.

And it will cover all of the content we will have covered up through end of week four.

So that'll be chapters one through five.

It will be on canvas and it will come in two parts.

Part one will consist of 30 to 35 multiple choice questions.

You'll have a 90 minute time limit and it'll be worth up to 136 points.

Part one is open note and open book.

I would caution you as I do all my students and all my classes with open note and open book to not overly rely on those resources.

I would prepare for this exam as if it's closed note and closed book.

That's just what I always advise.

Please keep that in mind, part one and then part two.

Part two is going to be three or four exercises with multiple parts and that will be a time limit of 3 H worth up to 64 points.

Also open note in open book, but also open to the codification, the Fasb website and the Sec website.

And for both parts, you're not to discuss the exam with anyone else.

These policies will also be on the opening page.

When you access the exam parts, you can take part two first if you would choose to.

You can take them at separate times, but be mindful that there is that time limit on each of them.

I do not expect that you will need the full time on each part should be more than enough time, especially if you're adequately prepared to complete each exam part.

I want to show you what the interface looks like.

The platform that I'm using for the mid term is very similar to what you have in your homework.

But remember this is timed.

The timer appears at the top center of the screen.

And then also, I wanted to mention when you're finished and you submit, you'll see the success message that scores are not yet being displayed.

Scores will probably be ready Monday.

Let's see, July 10, I think that is.

I'll post an announcement when those are ready.

Where is the midterm exam?

It is in a separate module between weeks 4.5 And there isn't an academic integrity pledge.

You can submit that anytime beginning now, just so long as you do so by July 9, end of date, which is when the exam is due.

Studying strategies.

So probably no surprise.

First and foremost, we want to stay up to date with what has been covered during life session, the corresponding resources on Canvas, the My business course videos and reading your homework, Review your homework.

The practice question sets.

Some of you have been working those chapter by chapter or week by week.

Alternatively, you can work those now closer to the mid term as preparation.

And then if something is not clear as always, please ask.

I'll open it up for questions.

I will mention if you're curious, if we will have any SQL questions on the exam.

There might be two to three multiple choice, but they will not require actual coding.

You will not need to open the program nor are you allowed to do so.

So at this time, any questions that you have.

You're welcome. No questions.

If and as questions come to mind, please don't hesitate.

Reach out and I'll be monitoring for that.

Even though we won't have live session this week, I will be monitoring my messages and email.

I refer to that collectively because it's the same to me.

Okay, I want to take a moment and look ahead.

I know we have a lot going on this week and next week, but I also want to look ahead because we know this is an eight week course, as we've talked about, things do move fast.

I'm mindful of the fact that you're busy and it's a summer and we're trying to take time to enjoy this summer, but we also want to do a good job and be as efficient with our time as possible.

So with that said, let's take a moment to look ahead.

This is the second half of the course, weeks five through eight, and I just wanted to highlight a couple of things.

One is we will have a second memo.

So the first memo that we will talk about tonight is individual.

The second memo is a group memo.

And it will be due the end of week six.

I will be forming the groups the end of next week, the end of week four, I'll let you know once those are formed and memo two will come available at the beginning of week five just to get that on your schedule, those dates coming up.

And of course, we'll talk more about that in week five.

And then our final written assignment is the Accounting Research Project.

And you may recall that I want to get your preferences for topics or which topic you would most like to research.

There's a survey that I posted to week four.

It's at the bottom of week four.

It's just a quick qualtrics survey, if you'll submit that by July 7.

And I will use that information to assign research project topics.

And that's not due until our last week.

But again, I want to give you as much lead time as I can.

Last thing I wanted to mention, many of the assignments in this course are graded based on a rubric.

You may be very familiar with that, but if not in Canvas, when you go to the grade, my grades I believe it's called, and you go to a graded row, for example, our Sec comment letter case, The icon that looks like a clipboard that will display rubric along with the scores.

And then if there's any comments, those would display with that little comment bubble.

But everyone will have the rubric scores.

I try to make the rubrics as detailed as possible, but certainly if you have questions, please do contact me.

So today we are covering chapter four and we will preview the homework for this week just like we have prior weeks.

And we'll have an exciting PRL exercise.

I just wanted to remind everyone why are we doing this data stuff?

It's not encoding class, but one of the course goals is to develop our ability to manage and analyze data.

We're trying to become better analysts.

We have that research focus and part of that skill can be data based.

And so that's why we're taking some time out to do it.

That's the plan. Any other questions that you might have before we get started?

Turning now to the slides for this week.

The title of chapter four is Creating Effective Documentation.

So you might be wondering, why do we need documentation and accounting research?

Because when we think of accounting, typically we think of numbers.

But documentation is certainly an important component of our professional roles.

And it's important because it encourages critical thinking.

Accounting research, as we know, often involves complex issues.

And evidence has shown that writing encourages more critical thinking than just talking alone.

Also, when we have a document, it provides a historical record.

It also provides a precedent for the future.

It offers a reference for the Sec or any other regulators that might want to inquire in the future, and it mitigates hindsight bias in the future.

We might wonder, what were we thinking back two months ago?

Well, if we have a document to refer to, that is super helpful.

Yes, many of us thought we were just number crunchers, but we are more than that.

Two main types of documentation, professional emails and then accounting issue issues, memos.

We will focus much more on the memos that touch on the emails.

Emails are best suited for limited scope type questions.

Maybe you're assisting senior in answering part of a research question, that might be a good opportunity to prepare an email to address it.

For example, now you try 41 says, suppose you are staff auditor reviewing the statement of cash flows for Auto Corp.

The senior on your audit team has asked you to research whether the client has appropriately classified the proceeds from the sale of its manufacturing facility as cash flows from investing activities.

Draft an email response to your seniors question.

The core issue here is there has been a sale of a manufacturing facility and we're trying to decide whether that is properly classified as cash flow from investing activities.

That's a pretty straightforward question.

You might be thinking to yourself, oh yeah, that's right.

In the codification, we have those financial statement topics in the presentation area.

One being statement of cash flows, and this is about presentation investing as our classification.

So the section would be other presentation matters, which is section 45, and then the Statement of Cash Flows as topic 230, and we're in the overall subtopic.

So within that paragraph ten just says that there's three categories within a statement of cash flows.

Investing, financing, and operating activities.

We know that if we scan down within that section, next paragraph talks about cash flows from investing activities.

And then the next paragraph, still continuing with investing activities with specific examples, one of which, the third one listed receipts from sales of property, plant, and equipment.

So yeah, the sale of a manufacturing facility would fit within investing activities on a cash flow statement.

Here's what an email might look like, then to answer the question, you can read it.

I'm not going to read the full thing, but you can see here the core of it.

And this is one way you can cite the codification.

One of many ways, we're going to talk about other ways tonight.

But what this person has done is they've broken that into two pieces.

You've got the topic subtopic, and then they did this excerpt where they indented with the section paragraph, but they've just highlighted that excerpt that we just mentioned in an email.

The general set up for this, you'd have a subject, you would restate the research question, you would include excerpts from the codification and then at the end, professionally offer additional assistance.

Any questions on this general guidelines and these guidelines pertain to professional emails.

I'm not talking about casual emails.

Like when you and I correspond, that's a separate world.

We're talking about like research based emails, some advice, or those be clear and concise.

So some of these would carry over to perhaps other settings.

But remember, professional emails, we want to be clear and concise.

We would want to list any assumptions made, reread, possibly print the email.

I know printing maybe not so popular these days.

Although I like paper copy myself, use complete senses.

Generally we don't want to say I
feel I think might be okay but I

feel is less okay when you're talking about an accounting research issue, it just doesn't fit quite well there.

No exclamation marks, no surprise.

I don't want to elicit too much excitement.

So those are some general tips, we just touch on emails.

That's pretty much all we do with professional emails.

Then we turn our focus to memos.

Again, we do much more with accounting memos.

We're going to jump into it here in the slides.

But before we do, I want to go to our sample memos.

We'll go back to these, but I also want to look at them here to start with.

All right, so in our week four module, week four, this is week three.

But we're looking forward to week four because that's where I have the memo one.

You see this sample memos page?

If you'll click that or just make mental note that it's there.

I've got two sample memos here.

One is in the book, in the chapter four appendix, it's the presto case.

The second one is another sample.

And I'm actually going to go to the second one first.

The second one is more simplified, the presto case is a bit more complex.

So let's start with the simpler one first.

This, as I say, is using guidance to research a asset versus expense research question.

The guidance that they use here is non authoritative.

It's actually concept statements that they're pulling from, which is something we talk about next week in the non authoritative guidance week.

For you can use non authoritative in your memos, But remember we prioritize authoritative, which is the codification.

Use the codification, and only if needed or if pertinent do we bring in non authoritative.

So just keep that in mind.

But you can see the structure of this memo.

It starts out here with this header section and then we have what I would say are four main sections.

You have facts, these are all going to be in our slides, but I just want to show you a real memo here.

Issues which is your research question or questions analysis.

Notice the analysis section tends to be the most lengthy, the most in depth.

That's where you're going to bring in your core guidance.

You're going to tie the guidance to the facts of the case.

We're going to talk all about this in the slides, but that's what's happening.

Fourth main section is the conclusion.

There is a fifth optional section if relevant to the situation, which is financial statement and disclosure impacts, we'll talk about that.

Okay, so this is one example.

This is the first one I have.

Point tier sample memo one.

This is the chapter four appendix one.

Same basic structure.

You've got your header, you list the facts of the case, your research questions in that issue section, then you have your analysis.

What happens here in this memo is they include two research questions and they've divided the analysis section into two issues.

And you can do that, We'll talk about that.

So all of this is analysis.

Again, this is a highly complex case here that we're looking at.

And then finally, inclusion.

And they do not have that optional section here, so four main sections.

Two samples will refer back to these later.

But I just wanted to give you a broad overview before we venture into the slide content.

Yes, we have sections in each memo, and we use headers, bold font, just like in those sample memos for each section.

So we start with facts, which in our own words, we state the relevant facts surrounding the issue.

And if it's particularly complex, I'll show you an example shortly.

We can provide a diagram to help explain.

In the issue section, we're listing the research question or questions.

That we're trying to answer. Sometimes the case will stipulate a question, but it's up to us if we'd like to modify or perhaps divide that into two questions.

Depending on how we want to structure the memo analysis, we include all relevant authoritative guidance here.

So codification, we analyze, in our own words, how the guidance applies to the case facts within analysis.

We can embed tables, if that's helpful to summarize numerical information.

Conclusion is where we state our conclusion based on our findings.

We highlight key considerations and if this decision was highly judgmental, we can provide additional discussion there.

Last one, financial statement and disclosure impacts.

We describe any required disclosures and we could, in this part, include journal entries if helpful.

Okay. So we're going to talk about each one in more depth, starting with facts and issues.

The facts should include all the relevant background information necessary to understand the transactions and its accounting stated in our own words.

When we prepare this section, we want to ask ourselves, if someone picked up the memo, would they be able to understand the issue well enough that they could form an opinion about whether our recommendation is appropriate?

Let me just find my place here.

In my notes in the textbook, it talks about making this a one stop shop, provide all of the information the reader needs to know about the facts of the situation.

And within the facts section, if you have a case that would benefit from a picture or a diagram, this is where you could include it.

I don't know that we will have such a situation in our assignments, but I want to raise the possibility for your future use.

So let's suppose we have a situation with a joint venture between entity A and entity B.

They're unrelated, so we start with little shapes, right?

I just used PowerPoint Shapes for my entities.

And Entity A contributes \$1, to the joint venture in exchange for 50% ownership.

So I just again, used shapes to indicate that.

And then Entity B makes a \$2, loan to the joint venture.

In exchange for 50% ownership, we have entity A being owned by entity one, that can be indicated with a vertical line.

And then entity B being owned by entity B being owned by entity two.

Point is if you have a situation like this, you can describe it in words, but it's helpful to see a picture, especially for visual type people to see a picture or a diagram, it will make more sense to them.

We want to help our readers as much as possible.

If you have such a situation, you can craft a diagram to help illustrate that situation. Oh, yes.

And also there's a bank, and the bank owns the joint venture of \$500 Any questions on that?

At the end of the fact section, you're transitioning to the issues or the research questions.

One thing you can do is briefly introduce the research questions that you're going to have.

So if one of the research issues is, does presto concessions agreement involve an identified asset, then at the end of the fact section, you could transition into that by saying Presto's objective is to determine the most appropriate accounting method for its concessions agreement and then go into issues.

And you'll have your research question.

We want to avoid phrases like the company must choose or the company has the option.

The idea being, again, we're trying to identify the most appropriate accounting method.

So it's not that the company has a choice or that they must choose or that they have an option, but rather we have analyzed the situation and the most appropriate accounting method is X.

Okay. After facts we go into issues.

Issues will be your shortest section of the memo, this is where you're going to have your research question or questions in the form of a question with an actual question mark.

So for the presto case, again, that we first talked about last week, there were many issues.

We haven't even touched on all of the issues that are raised in the textbook for that case.

But here's some examples that you could have in your issue section of a memo.

Again, if you're given a case and a research question is provided to, you, don't think that that has to be the only relevant question.

You want to keep your mind open to the possibility that there could be more.

And again, you should also think about modifying that research question or potentially splitting it into multiple questions depending on how you want to structure your memo and particularly your analysis section.

Any questions at this time about either the facts or issue sections?

Okay, Analysis and conclusion.

The analysis section will be the largest section in your memo and the purpose here is to knit together the guidance and the case facts.

Again, the guidance is codification plus sec if relevant, plus non authoritative if you need to bring that in as well.

How does the guidance relate to the issues fact pattern In our textbook, Shelby Collins provides this analogy of guidance sandwiches.

I really like this analogy.

She recommends to think of the analysis section as a series of guidance sandwiches.

A guidance sandwich is where we have guidance in the middle and then our commentary before and after.

So commentary, you introduce the guidance and then you comment after.

And just think of that analysis section as a series of those guidance sandwiches.

Again, guidance should be primarily authoritative and really only if needed, will we bring in non authoritative sources.

The analysis section is going to be the longest section of your memo.

It's going to be the one you spend the most time on.

I think really it's in, in most sense going to be the most important.

It takes practice to get an analysis section just as we want it.

And with that in mind, there's competing needs because we want to include everything that's relevant, all relevant guidance.

But we don't want to include irrelevant guidance because we only want what is pertinent to the case at hand.

We don't want to distract our reader with anything that's not informative.

So in other words, we want to be concise but also thorough.

And those can be seen as competing needs.

So this does take multiple iterations, I would say, until you get it just how you want it.

All right, so regarding this guidance Sandwich business, let's see if we can identify the guidance sandwich here.

This is the email that was presented earlier.

Look at this, we can see the guidance excerpt indented in this case.

And then the writer provides commentary to introduce the guidance and then commentary after.

And that is a good example of a guidance sandwich regarding how to analyze how to organize this section.

If you have multiple research questions or multiple issues, you can create subheadings within the analysis section.

Analysis of issue one, for example, that's the presto sample memo, how it's constructed.

And even within those subheadings, you can have sub subheadings if you will.

So if you have an issue that involves multiple characteristics, for example, you could have another level of headings and those could be italicized to distinguish those.

So there's not just one right way if you're kind of picking up on that.

There's not just one correct way to structure or design a memo.

It's a matter of practice and really careful thought you want.

In my mind, I always envision taking your reader by the hand You want to guide them through whatever relevant guidance that you've identified, how it applies to the case facts.

And you want to do it as eloquently as possible.

Concise, but also thorough. Now you try 44.

Suppose you're preparing a memo on lease classification.

We know that's five criteria, and if at least one is met, it's considered a finance lease.

Let's say that we test the criteria and the first condition is met. What do we think?

Should we still evaluate and document the other conditions? Any thoughts on that?

Maybe the first head buch, I was just thinking maybe we can write a short paragraph why we're considering negating those facts.

Yes, so basically still addressing them but maybe giving it less attention than that first condition.

So we would still evaluate those in an effort to be thorough.

And then number two, would supers help us to organize our analysis In this case when we have multiple criteria, what do we think?

I would say yes, it does.

I agree, Marcus.

Thank you. All right.

The analysis section should also document alternatives that we consider.

If there are alternatives that you consider, it's not necessarily the case that you will, but if you do, you would document that.

Again, this should only be alternatives that were appropriate if there's just because there's multiple methods doesn't make them appropriate to a specific case.

It's only if you have multiple appropriate alternatives that you would need to discuss how you are leaning towards one or the other.

Your judgment.

You want to list factors that you consider in making your judgment if this is relevant.

So similar transactions in the company's past peer or industry accounting advice from external experts.

Again, you could add tables or figures to present numerical information in this section as well.

Main goal, again in my mind I'm visualizing, taking my reader by the hand we want to walk our readers through our evaluation, through our thought process and guide them through, guide them through our analysis.

All right, continuing on with some practice forward analysis section.

This is now you try 45 and the font on the slides is going to be small.

In the textbook, I think it's page 87.

There's a lot of content tear, so I'm a little limited here.

But all we're trying to do here, so it's multiple questions.

First question, we're trying to identify the guidance sandwich here.

Pretty evident. I think again, we've got that excerpt that's indented and you have commentary before it and commentary after.

In terms of how long the commentary will be, it's going to depend on what the nature of that excerpt.

Your guidance. How complex it is and how complex it is to tie it to the case facts.

So it could be one or two sentences or it could be several sentences, as is in this case questions 2.3 in the commentary that follows the guidance, what words does the author repeat from the guidance?

So here's the guidance excerpt.

And the question is, do you see a phrase or words that are repeated in that commentary that follows anything stand out physically distinct?

Yeah, Sierra, I agree.

And as far as why we would do that, you may recall last week we talked about trying to decide whether an asset is identified an identified asset, and one of the conditions is that if it is physically distinct.

So we're highlighting that here because that's an important condition to meet.

And then questions 4.5 where does the author discuss case facts and their relation to the guidance? Why is this helpful?

If you look in the commentary that follows the guidance excerpt e example.

The writer says in this arrangement, certain of the I may have a typo there, but specifically the fixed concession stands are specified on architectural drawings.

The fact is these concession stands are specified on architectural drawings, and that's a key fact.

And thus, we can conclude they're physically distinct.

We can observe them on the drawings that are available.

Another fact that's blended in here, the location of the portable carts is not specified, and therefore any location in the stadium could be used to locate the cards and then we tie it to the guidance.

But that means it's not physically distinct.

Again, it's tying the case facts with the relevant guidance.

You're knitting them together.

For those that maybe like a knitting analogy.

Blending them together to convey your analysis here.

Questions on that? Yes, identified asset as well. Great.

Okay, the last section is conclusion.

The conclusion should briefly summarize key points that led you to your final conclusion.

If your research involves significant judgment, then your conclusion should reflect that you would summarize and detail your judgments.

All right, so let's look at the presto conclusion.

This is a portion of that.

And let's see the question in this now you try is what are some of the factors that the author pointed to when deciding that the concession stands are identified assets?

So here's the beginning of the conclusion.

The food and beverage facilities are a portion of an asset, and thus these spaces are considered identified assets if they are physically distinct and not subject to substantive substitution rights.

Hopefully, it reminds you of last week we saw there's two conditions for this identified asset.

And our writer is highlighting those here in the conclusion.

In the full conclusion, there's multiple bullet points.

I'm just including part of it here.

But again, that was a key finding and that's something that you could bring into your conclusion just to reiterate to your reader.

More generally, we would say the conclusion briefly states key points and decision criteria in conclusion Because of factors X and Y, the concession stands represent an identified asset.

That can be one of the sentences in your conclusion.

And again, you would include briefly, some additional highlight context here to reiterate your major findings.

So if you have multiple issues that you considered or multiple research questions, you can divide your conclusion if you choose to do so.

Any questions at this time about analysis or conclusion sections?

I have a question.

Yes. In this example or just in general, what would be an example of a substantive right of substitution?

Let me before I butcher that answer, I know we have someone in this class that has applied the leases standard in their work, but I won't put them on the spot unless they would like to volunteer.

So this is last week, slides, you know, in this agreement we have the baseball stadium and we have presto hospitality.

And the question is, does the stadium have a substantive right of substitution?

What is a substantive right of substitution?

It's when these two conditions hold.

And so one it would be that stadium would be able to partner with some entity other than presto that we could envision as being a realistic possibility.

But then second condition is that the stadium would have to benefit economically by exercising its right to substitute.

So economically benefit from partnering with a different entity.

We don't have any evidence to think that exists in this case.

Off the top of my head, I can't think of a common scenario where that would apply.

Any thoughts here on when a substantive right of substitution might exist.

And it does not need to be in the context of a baseball stadium or in the presto case, but just more generally so in this example, would they have to break the contract with Presto or it's selecting another vendor instead of signing with Presto?

Well, it does depend on how the contract is worded, but it really does depend on that if the contract allows them to exit and partner with another entity, that's one possibility.

Or it could be that they would have to break the agreement.

But any more general ideas or examples come to mind of when a substantive right of substitution might exist?

All right, we can trace back to that.

Or if someone has something come to mind, feel free to interject.

It's a good question. All right.

Other questions on the analysis or conclusion sections?

The conclusion is what I consider to be the last main section.

But we do have this optional financial statement and disclosure impacts that you can include to the extent that it's relevant at the end if there are pertinent disclosure issues.

And also if it would be helpful to include journal entry, you could do so at this point.

All right, so how are we going to properly reference accounting guidance?

We've touched on this a little bit when we've talked about how to cite the codification, but there's more possibilities than what we've introduced so far.

Okay, so first thing first, we don't Google for the codification, but rather we go directly to the source as C.fasb.org In your memo, the first time you cite the codification, you should include its full title.

Fasb Accounting Standards Codification.

And then you can put as C in parentheses and whatever your first citation is, then into your memo, subsequent references can be as C as you've told the reader what that stands for in case they do not know.

When we cite the codification, we should go to the paragraph level of detail to the extent possible.

And let's talk about strong versus weak references.

So strong is good, weak is not good.

Strong. For example, Per As C. According to ASC.

As C states, as C requires or provides the following guidance.

All of those are strong.

Good week would be saying that as C

believes or that the codification ask readers to, or that the fast says or the codification writes or, hey, I found the following guidance.

No, we avoid the weak ones.

Let's practice. Let's fill in the blanks below here with strong reference words.

There's not just one right answer to each of these, but let's see what you think.

Number one, can we fill in with a phrase or word, longer blank.

Maybe a phrase, maybe two words according to Ice in the chat Katrina. Great.

That's a good one as C number two and Marcus Rs is correct as well there on number one.

I'm going to move yours down to three though just because the blank is a bit smaller.

Number two, there's not just one good answer there but anything on number two that would be good. States yes, good.

Or maybe prescribes stipulates.

There's others.

So per I moved to three Professor Newton.

Would mandate be too strong a word?

I like mandate. It is.

So II do understand what you're saying to Buchi, it's a little strong, but it brings in some variety.

So let's suppose that I'm writing a memo and I've said States, you know, and I need some variety III would not be opposed to having that in there.

Okay. Thank good.

Yeah.

In the chat sites Yes, sites is okay.

States prescribed, stipulates, mandates sites Yes. As well.

Okay, so let's see.

Number four show two ways that the underlying words in the below reference can be stated more clearly According to ASC, blah, blah, blah it states.

So we kind of have a double reference there, right?

We could do just according to or bring in a Sc states again or the other variations that you guys came up with.

Great questions on this.

Guidance copy directly from the codification, we use double quotes.

So let me just take one moment here and go to our sample.

I don't want to tell you wrong.

Generally guidance copy directly from the codification.

We use double quotes.

However, if you have a long excerpt and you choose to indent it like here, then it's not necessary that you include quotes.

But if you just have in text like within your paragraph, you do of course want to include quotes for verbatim, copy directly from the codification and then cite to the paragraph level of detail.

Okay, so yes, I do have this as a bullet.

If you have a lengthy guidance, like three or more lines, then instead of quotes, you can indent the guidance.

And I would say that if it's lengthy, it tends to look nice to have that as an indented excerpt set out.

They're easier on the reader.

So maybe a question of whether I include direct, directly quoted guidance or should I paraphrase?

We should paraphrase only when we would not change its meaning and when we clearly indicate what was altered.

So one thing we can do is add emphasis.

This can be helpful thing to do.

If you have a keyword in an excerpt, you could do bold font and then at the end put emphasis added in brackets.

Also, if you want to abbreviate an acronym that's in an excerpt, you could do that.

And that might be useful like if you're going to refer to the acronym later on in your writing.

Ellipses, the three dots.

These also can be used if you want to include just portions of, of part, or parts of guidance and you want to omit part of that.

This is going to help focus your reader's attention.

If you have a four sentence paragraph and you only want to include the first three sentences in your memo, then you can just at the end, put three dots so that you are telling the reader, hey, if you go to that paragraph in the codification, you would see more content.

But I'm only including up to the end of sentence three if you have any unfamiliar sources.

I don't know that you'll encounter this in the course of our assignments, but like if you want to cite an academic paper in a memo, then you would tend to use footnotes or end notes for that Google Scholar, which hopefully you're familiar with.

But Google Scholar is a great way to generate a citation automatically.

When you look up an academic paper on Google Scholar, there's a site button right below the paper.

And depending on what format you want, it'll just display that for you.

Questions on referencing the codification style tips for professional communication.

Professor Newton, I didn't think this was a writing class. It's not a writing class.

However, we get to demonstrate how capable we are and how we understand accounting so well.

And we can analyze these cases, communicate our findings effectively.

Goal here is not to be perfect, we just want to be as good as possible.

We refresh here our knowledge of proper writing, Some style suggestions, and these are based on our textbook in our memo.

As far as font, Times New Roman, 11 12 point font is the recommendation.

Single spaced in the body of the memo and then double space between paragraphs.

You'll see the sample memos are structured that way as well.

Section headings and subheadings.

Yes, we want to be clear yet concise.

If we have any unnecessary words, we would want to eliminate those.

Use complete sentences. We want to check commas, spelling and grammar.

Use active voice, avoid contractions.

Again, this is for purposes of professional communication.

It's not casual communication.

If we are you're exchanging in an email conversation, contractions are usually acceptable, but in professional documentation, usually we don't want to have those there.

So contractions, or sometimes referred to as short form words, generally avoid those instead of isn't.

We would say is not instead of didn't spell it out, say did not.

Looks more professional quotation marks, this is maybe one that is overlooked.

Periods are placed inside closing quotation marks.

So if that is the end of your sentence, the period goes inside the quotation to the left of.

There are rare exceptions, but the general rule is it goes inside and the codification generally refer is referred to as the codification or the ASC.

Or sometimes you'll hear Shelby Collins on the videos say the Cod.

Usually we do not call it the code though, because the code makes us think more of the Internal Revenue Code rather than the FASB codification.

Chapter four elaborates on the above.

In our week three module, I have some extra resources on writing if you would like to practice further.

There is a fun homework question with some writing related practice in there, and I also link to some resources on that question in the homework two.

Any questions on this list given here?

We want to use proper voice, professional language.

Again, we generally avoid, I think, and I feel really just doesn't have a place in an accounting memo.

Saying you have asked us to is not professional either.

Also, we want to use neutral language, so we do not want to refer to a company's position as wrong or ridiculous, but less polarizing alternatives such as appropriate or not appropriate, supported or not supported by consistent, or not consistent with neutral alternatives.

Usually we want to avoid absolute, better to say, generally instead of always believe it or not.

When you think you cannot find an exception to something, it seems that someone can.

So that's where that piece of advice is coming from.

Let's practice with changing the following to active voice and also using more concise wording before what we're trying to improve says the documentation put together by you should be carefully subjected to an editing process.

There's not just one right answer of course, but any volunteers on how we could be more concise and change this to active voice, either verbally or in the checked.

And take a moment to think about it.

What if we stay with you, you?

So that's some improvement there, Kalin.

Appreciate that. If we want to be active voice, one way we can do that is to start with you.

Yeah, and I'm going to pronounce this as Renee.

Please feel free to correct me.

You should edit the document after preparation would be appropriate.

What I'm displaying here is again, just one possibility.

But the substance that I saw in that was basically just you need to edit your documentation So we could be a bit more specific if necessary.

But starting it with you brings in that active voice and it's much more concise than that preliminary version.

And yes, I see Marcus there.

You should carefully edit the document. Yes.

Great questions on that.

If we are referring to a company in a memo, the first time we refer to them, we use the company's name.

So Presto Hospitality is the full company name.

Use that the first time and then subsequently we can abbreviate and just say presto shortened form criteria versus criterion.

Just to distinguish those criteria is plural.

Criterion is the singular form.

When we write a memo, we want to proof read what we write.

Of course, that goes for any professional document that we prepare.

But in the context of a memo, I think it's especially important.

Here's a recommendation in our textbook. First pass.

It's a rough draft. We have our thoughts, we have guidance.

Maybe more guidance than we need or maybe it's missing a little bit, but we've got most of that in place.

Pass two, we can rearrange things, we can add or refine.

So maybe it's bringing in one or two more pieces of guidance.

Maybe it's taking away a few, trying to get out what's not necessary.

And then strengthening our arguments.

Then pass three, review writing for waste to be more clear, concise, and direct.

Yes, writing is an evolving process.

It's not about, again, it's not about trying to be perfect.

That's not a goal that we're aiming for, but we want to be the best that we can be.

We want to take pride in our work.

We want to demonstrate our knowledge.

Demonstrate what we can do and what we have done.

And all of these tips I think, will help us in accomplishing those goals.

On the note of no one is perfect.

In some of my academic research, I've done textual analysis of companies filings, various filings, tax returns and stuff.

And I just wanted to show you a quick example.

This is taken from a company's ten K, and there's this item 13 that companies have to include.

I remember when I was reading through this one in particular, at the end, this person had said, I think you need only two years and can delete this paragraph So, of course, I assume that was a comment they added when editing the document, but they did not remove it.

And it is still in their ten K, that's on Edgar.

So no one is perfect, but we want to proofread our work and make it as good as we can.

Questions, comments, before we take a look back at the sample memos header to start, and then we've got facts in our own words.

We've got the research questions, we've got analysis with a series of guidance sandwiches using the guidance, applying it to the case facts, knitting those together, taking the reader by the hand and walking them through it, providing a conclusion to highlight our major findings.

The same thing happens in our presto memo.

It's just a longer version and longer than what you will need to do in the first memo.

But still a nice example.

You can see the organization, you can see various ways you can present the guidance and organize your thoughts and documents.

Okay, let us take a moment here and look at our memo one, it's in the week four module.

Here's the background.

I won't read all of this because I know you are well capable of doing that.

But what you'll find is the issue that's offered here in the requirement section is what is the applicable transaction price and how should that transaction price be allocated to the individual performance obligations?

For those of you that might be familiar with revenue recognition, hopefully those terms sound familiar because that is the theme of this memo, revenue recognition.

So we're talking about topic 66, which many of you chose for your Sec comment letter case.

You have that exposure.

I know, at least regardless of whether you remember revenue recognition from intermediate one or you've applied it in your work.

All of that aside. Again, you're going to have resources on our course webpage here.

So again, if I go back to the week four module and the week four session page, I've got revenue recognition slide presentation.

This is my slide presentation and it's split into two parts.

As far as a video certainly review that.

I also have some additional tips here regarding the memo.

I'm not going to, again, take time to read all of this through this evening because we have other things to do.

But I did want to at least preview this together and take a moment.

If you have any questions at this time, you're welcome to ask one question I know that I receive is, how long should it be and there is no right to answer.

Generally, two pages give or take.

One to two, it could be up to three, but it's not a particularly complex issue.

The presto cases, that's why that one spans several pages.

But you should find that this one is relatively more straightforward.

Any questions about it at this time?

Let me go back here to our homework preview.

We have four questions in the homework.

Question one is a mixed bag of questions over chapter four, what we've discussed this evening and what's presented in the textbook, Question two is that mixed bag of questions on writing grammar, et cetera, lots of fun.

And at the top of that question, I also provide you with links if you would like to practice some interactive practice there.

Even more fun than question three.

Let's talk about question three.

What you're going to do here is look up a ten K and answer some questions about a company's adoption of an accounting standards update, a Su accounting standards update.

What we focus on in this example I'm going to demonstrate here in class is ASU 201602 which is the new leases standard.

Topic 842. So, what you're going to do in question three, I'll give you the steps.

It'll be similar to this, but first thing is you go to Edgar and I'll give you a company and I'll give you its C number, which we can search by the C number in the slides.

Here is our number.

Spirit Airlines is what we're looking up.

You can expand on this right hand side, the ten K, and then you will be given a ten K filing date.

In this case, we're going to February 5 of 2020.

So you can click that view, all ten K's to go back to older ones.

Here is filing date, I see February 5.

I'm going to click on that and I'll again have instructions there.

But you're going to go to the notes to the financial statements.

That's not the only place you'll go, but that's one place.

And you can get to the notes again using the PRL interface here.

Just clicking that sections at the top.

And then Notes.

And I'll direct you where to go from here.

But for Spirit Airlines, they have this recent accounting developments note, which is where they talk about recent guidance that they've adopted.

And one of those in this case was the leases to topic.

So they're discussing how they went about adopting that, what the financial statement impact was.

And if this was the company in your homework, I would ask you questions about that.

And then also in that homework question, you'll need to go to the company's balance sheet to answer at least one question.

So again, if you're in the sections, you can click Financial Statements and then balance sheets or balance sheet, usually just one.

And what we focus on here is operating leases.

So the question you'll be given will specify that, but as we know under topic 842, companies were required to put operating leases on the face of the balance sheet.

What you end up seeing then, if you have a comparative balance sheet like you will, is before adoption, the operating leases stand at zero.

After adoption, one year later, you have a very large number, what tends to be the case very large.

And companies will often divide into current maturities and then separately longer maturities of operating leases.

So you'll have a question where you'll combine those and compare them.

Compare them, for example, to total assets, depending on what your questions specifically asks.

But the whole idea is to look at the impact of adoption.

Look at the economic financial statement implications as well.

Questions on that homework preview.

I know we have question four.

We're going to get to that.

But anything on questions 12 or three?

All right, then question four.

It will be our Pr1 exercise.

We're going to transition into an in class Exp exercise next.

But how about we take a ten minute break first and I'll see you on the other side.

I

The, the, the y, the, the, the, the.

The, the, the, the, the 1E.

Welcome back everybody.

Hey, to the question about a substantive right of substitution.

If you are interested, Ben, or anyone else, I went to the implementation guidance.

If you want to jot down this 842 dash 1055 dash 48.

They provide an example where a substantive right of substitution exists.

And the example is this supplier contracts to transport goods on a rail car for a customer.

And the supplier has a large pool of similar cars that they can use to fulfill the requirements of the contract.

And supplier has the right to choose different cars, and they also can choose different engines to satisfy the contract.

And it goes on here, paragraph 50, that the supplier has a substantive right to substitute the rail cars because they have the practical ability to do so and that they would benefit economically because so forth. So there would be minimal, if any, cost because they have these, the pool of cars and engines available.

And they benefit from substituting because substitution allows supplier to, for example, use cars or engines to fulfill a task for which the cars or engines are already positioned to perform or use cars or an engine that would be otherwise sitting idle.

So they're putting them to good use anyway.

I know I didn't go through line by line this example, but if you want to look through that later, jot that reference down.

And this is a good opportunity to remind us that the Implementation Guidance Section can be quite helpful.

Section 55, if you'd like to see an example, it's a good place to check.

Thank you for that question, Ben.

Thank you.

Back to the matter at hand which is question for the homework.

You may be aware of this, but the FASB in recent years ventured into a very large project involving goodwill.

You may be aware of the fact that many companies have large balances of goodwill on their books. Very large balances.

Some have proposed that we should develop a new model to, for example, amortize that goodwill on a systematic basis.

Instead of doing these impairment loss models, that we should come up with an alternative.

The FASB went through this like three or four year study and then last year it had become really so controversial and for other reasons that they dropped the project. At least for now, I do think that they will take it up again in probably not so distant future.

In your homework, you're going to look at how big that ratio can be comparing goodwill to total assets.

And you're also going to envision what the balance sheet might look like if goodwill did not exist.

Again, that's a way to gauge just how significant that number can be.

Tonight we're going to do a similar exercise, and just like last week, if we can get our code in good shape here in class, we should be good to go for the homework question.

We'll talk at the end about some of the modifications that we should make in transitioning to the homework question.

But again, I try to make this time valuable for you, be very purposeful in how we design it, and so try and stick with me here.

In class, we're going to study share repurchases.

Have you heard about this new excise tax on share repurchases?

This started January 1.

This was part of the Inflation Reduction Act.

And it was in response to mini criticizing companies for repurchasing shares when perhaps they could be using that money for a better purpose.

It's 1% right now, and I can tell you it hasn't made a huge impact.

Now, there's a proposal to increase to 4% excise tax.

We are not going to get into the politics of that, but I think it goes to show that all of this is relevant.

We can dig into this data and look at how big some of the share repurchase, some of these amounts can be.

And it can be quite revealing that's what we're doing here in class tonight, we have four main PRL tags that we're going to pull.

We have current year share repurchases, net income assets, liabilities.

We're going to construct a ratio.

It's going to be repurchases divided by assets.

We're going to calculate net assets, assets minus liabilities.

Then we're going to do net assets plus repurchases.

I'll note this here, it's in your slides and I'll remind you later.

But in the homework exercise, instead of plus repurchases, you're going to be working with goodwill.

And also you're going to do minus instead of plus.

Anyway, we'll trace back to that later.

Here's the questions eventually we're going to answer.

But let's go ahead and get set up.

When you open SQL light, I don't know what it looks like for you, this is what it looked like for me.

What it pulled up was my code from last week's class.

If I want to close it at the bottom, I can close selected window just right click.

And if you have anything else you want to close, you can do it down there.

Otherwise you can just open a new editor by going to Tools and Open Sql Editor.

And we're going to do best practice here.

Save our code to start with.

And I'm just going to do tonight State Sql, similar to last week.

We need to pull the PRL tags, the values corresponding to those, and we're going to create tables to do so.

Two tables to be exact.

We can call those tables anything we want.

I'm going to be a bit adventurous this evening and choose a unique name that will be easier for you to replace when you go to do your homework, so you can just control F and not worry about anything else being picked up.

I'm choosing dealer with an 0, perhaps that's familiar to some or many.

I saw it mentioned by someone in our week one discussion and I thought, oh yes, I do enjoy that dealer mnemonic so much.

That's how we in principles demonstrate normal debit, normal credit balances.

And I remind all the way through intermediate.

It's helpful when we introduce all those fancy accounts. So I'm going with that.

All right. What am I going to select?

I'm going to have my primary key.

I want the company name, I want the industry name, and then I want my XBRL tags.

And we're going to pull these the same way that we did last week with our case winds statements and I am definitely copying and pasting.

We have the single quote around the tag name.

We say if the tag equals that, then we want its value end and we're going to call that the same.

Create a variable named after that, repeat for our other tags.

Then I type very carefully assets, I think I can handle that.

One probably could do liabilities, but I'm going to be on the safe side.

And I'm pulling this from my merged dataset and I'm grouping all that data by the primary key.

After we run that, I want us to check to make sure it looks okay.

So I'm going to go ahead and run.

I'm doing this as an intermediate step so that you can check to see if your dataset looks similar to mine.

If for example, you had all null in a given column, then there's probably a typo.

If you just have a few nulls scattered through like me, that's okay.

Those are just missing observations. But.

Professor Newton had a question.

Sure.

When should we type in a comma and when should we avoid it?

Yes, Great question.

So what we're doing in this section is listing variable names.

We're putting a comma after each variable name.

It's pretty easy to see I think there on line two because those variables are already built in the data.

But we're also doing that here.

It's just that we're having to define the variable.

So we put a comma after that that this is all creating one additional variable.

It's named payments for repurchase of common stock. Similar idea here.

This is another variable, same here.

And then since this is the last variable, no comma at the end of that line that answer your question.

Yeah, go ahead. Thank you. Okay, thank you.

Bucci, other questions, issues up to this point minus saying no such table merged.

Let's make sure that on this database that we've, you can double click to make sure you're connected to it and then rerun it.

Yeah, you can try that.

Show and error.

Did so click on and it just says there's no dataset name merge there.

Yeah, no such table merged.

Do you have merge listed under On?

That's one that we just created, right?

Or is that one that we imported?

When we first imported the database, it was included as the main table.

I might try to sc importing everything I save.

It works. And we can do that.

So if anyone is seeing that error that merged does not exist, I saved my code just to be safe first.

But I'm going to go ahead and remove this.

And then I can go to database added database and find wherever I saved it if you need to download it.

Again, reminder that it is on the PRL overview, kind of in the middle of that page.

Mine did pull in the other datasets I created.

But if you just have merged, so you have to double click, Expand the Table list.

But when you first load it merged.

Should be there in that list. How's it look there?

Sierra mines frozen right now.

So you can just go, mine is working now.

But I had to completely like delete the whole thing and redownload it from the website and to even get it to work today because it did not work yesterday at all.

Yeah, that's AI. Haven't encountered that before.

But anytime we need just to reconnect to the database, you can delete it like I did and redownload it and then load it here.

Any other issues you'd like to raise at this point?

Questions to run it.

Do you select rows one through nine first?

Yes. Okay.

If you had a problem with your table and you need to delete it, you know just normal way delete and then you can re run after you make a correction to the code re run to recreate.

Okay, I'll continue watching the chat or you can unmute for questions.

So that's first table. Now we need a second table and this is where we're going to calculate that ratio.

And a couple other measures.

I'm going to pull in everything from the previous table, we indicate that with a star.

And then I'm going to put a comma and I'm going to list additional variables.

The first one is this repurchase ratio, just as defined here, it's repurchases divided by assets.

And I'm going to call that ratio carefully typing assets, liabilities, calculating the difference.

I'm going to define that as net one word, net assets.

And then the third measure is the net assets plus repurchases.

I'm going to call that net assets.

Did you deliberately miss the capsule Net Assets as opposed to the PowerPoint?

Where are we talking?

Marcus?

Net asset. Yes.

Okay. So for the variable name, it's okay to have it lower case.

It's actually okay here as well.

Really, The only time we have to be careful, especially careful with caps, is when we're doing this single quote, pulling the tag name.

Otherwise, it's, as far as I can remember, case insensitive.

But anyway, I'm calling my variables lower case.

You're welcome to incorporate capitals there, assets plus the purchases.

Okay, That completes my variable list.

So I've got ratio, I've got net assets, and then I have this net assets plus repurchases.

And I'm pulling from dealer one where the ratio is not null and I'm going to go ahead and order from high to low ratio.

Kyle, I just want to double check.

How about this first part of the code.

Do you have a semicolon at the end of that on line?

It's my line nine.

Okay. And then you just like that and dealer ones not turning blue.

And I assume when you'd attempt to run that, nothing happens.

Syntax error, that's making me think that there might be a typo in this first portion.

But we can take a look together.

I'll just hold it there for a moment in case you can but we can trouble shoot together in the first. Yeah.

So even though this is and it's not just SQ light, but sometimes it'll run and everything fine but actually the a typo or you know some issue even though it let you execute that we can take a look at that.

I'm going to go ahead and proceed though to the dealer two part.

And doing a similar thing, selecting everything from dealer two so I can see what it looks like.

Make sure that things look as I expect them to.

If you have a column with all null values, then probably there's a typo in the previous section if you want to look for that.

As we're looking at this together, this is sorted from high to low ratio.

We're looking at repurchases divided by assets.

You can see here, there's a 60%
there's a 32% That's a lot, right?

That's how much they bought in stock that year, divided by their total assets.

And I'm not trying to pick on lows, but I guess I am, because I know Lowe's is kind of known for this.

Where is my lows cab?

Here they are. I know they're known as a big share repurchaser.

Here's the thing with lows, they have total equity or net assets that's negative, this is in millions a highly negative total equity.

Yet they're taking up these large share repurchases.

This is nothing new for lows.

It's part of what they call their total home strategy.

So nothing new, their investors are accustomed to it, but we're talking big time, right?

And at least from an accounting perspective, I see a negative equity and I see a large share repurchases, and it makes me nervous.

But we know that Lowe's is quite profitable, so I won't question them on that strategy.

It just stands out, something to be mindful of.

But if you were to, just like we did last week, these Lowe's values here, like here's payments for repurchases, I can find that in their ten KI can find that tag real easily.

One place I could look is their cash flow statement.

I go to financing and look for repurchases of common stock.

There I see that familiar number 14124 with a lot of zeros after it and it's tagged payments for repurchase of common stock digitized and our nice PRL database with all the other S&P 500 companies that submitted Ted case during the first quarter that also had share repurchases questions, issues that I can help with at this time.

All right, let's take up the Or statistical questions here.

First, we're going to look overall across all observations.

What is the average repurchase ratio?

What is the largest repurchase ratio?

If I want to calculate the average, what would be my code?

Anyone want to help average?

Great Ricin Katrina And we start that with select the maximum.

We do similar.

You could do them in the same line if you wanted to.

I'll display these values at the end, but about 5.6% and max like we saw there, I think it was a sign, 60% wow.

Let's move to industry averages and answer which industry has the largest average repurchase ratio?

What is that average?

Anybody remember the industry variable?

Sick name.

Sick name. Yes. I think pretty much all of you call it sick name.

I call it sic name, but I think either is fine, it's not necessary.

But I'm going to give that average a name.

I'm going to call that variable average ratio.

What I'm doing here is I'm calculating the average by industry from my dealer to, and I'm going to sort from high to low.

That's one way that I can see the high and see which industry it is.

It looks like the services industry has the highest.

On average 9.8% approximately.

And I am control s saving my code as I go.

Hopefully you are as well.

Number three, which company in we have to be careful here with our industry name finance, insurance and real estate industry has the largest repurchase ratio.

What is the value of that ratio?

All right, so now I'm going to do company name, I'm going to do ratio.

I want those two variables rolling from my dealer two database.

I'm going to restrict to that industry just as it stated there minus the space, just like that.

And I can do hyde, a low ratio.

I'm seeing the largest is Willis Towers Watson at about 11.11%

Now we're going to go to some imagination type questions.

Number four. What proportion of companies reporting share repurchases also reported negative net income?

That might be contrary to what you would expect, but let's see how many there are in your homework.

I provide a hint for the comparable question, only the inequalities will look a little different, I'll remind you of that shortly.

Hint in our case here tonight we're going to count the companies that have negative net income, essentially a loss that also repurchased common stock.

And then we're going to divide that by the number of companies that purchased common stock to convert it to a proportion.

I'm just going to say proportion number one.

Last week we talked about how we can get a count of the number of companies that meet a certain criteria.

It's select count from our dealer to dataset.

And the restrictions for this numerator of our proportion, just like I have listed there, net income loss is less than zero.

And I could have just copied and all of that minus that weird symbol that came across and put a semicolon at the end, I got 18.

And then same argument except remove that first condition.

So you have 18 companies that repurchased stock that also had negative net income that had a loss out of 290 companies that repurchased.

Not particularly common but still a sizeable chunk.

I'll display those numbers at the end then.

Number five, how many companies with negative net assets would have reported positive net assets if they had not repurchased shares?

Really? Yeah, I think we'll find some hint count how many companies would have net assets plus repurchases greater than zero.

Among those that have net assets less than zero, this is not a proportion but account, so really proportion one could have just been proportion.

Call it what makes sense to you so you know what we're doing.

It's a similar set of arguments.

In this case, only the conditions to meet will differ.

So this is going to be our variable that we created, net assets plus repurchases.

Just briefly, just remind you, we created this way back up here when we created dealer two.

It's just net assets.

And then we added back repurchases.

So where that net number is positive, shouldn't that be repurchases net assets plus repurchases?

Oh, yes.

Thank you.

Serra, net assets plus repurchases greater than zero and net assets less than zero.

Let's see if we find any four companies, had they not repurchase stock would have had positive equity.

If you're curious to know who they are, just change this, select here they are.

Curious.

I won't state good or bad but curious.

I think I'm curious what you think.

Do you have any thoughts on the 1% excise tax on Sherry purchases?

Or perhaps more relevant now, the proposed 4% or general thoughts on Sherry purchases.

You're probably thinking, Professor Newton, I'm an accountant, I'm not a politician, and I choose to refrain from making a comment.

I understand if that's the case, but something interesting to ponder, I think.

And certainly if you Google, which I could have showed you a set of articles, this is in the news right now, and we'll see what happens as far as the excise tax possibly increasing.

Repeats questions?

Yes. Let me show my code here.

I'm going to give you some pointers on the comparable homework question in just a moment.

But I want to display my code here.

I'll be around at the end.

If you have individual issues, I'm happy to troubleshoot those.

Okay? So as far as transitioning to the homework in your question four, it's going to look something like this.

I'm going to give you the four tags.

By the way, I think you'd enjoy reading about some of this work the FASB has done as far as goodwill goes and possibly considering an alternate impairment.

Alternate that four tags.

And just a hint in your code, you'll replace them in the same order as we have them there.

You would also find that out with trial and error.

But you're going to calculate a ratio, just like we did only instead of repurchases, you're going to have goodwill to assets, you're going to have net assets like we had.

And then here's an important difference.

You know how we calculated net assets plus repurchases.

In your homework, you're going to do net assets minus goodwill.

That's a simple modification, right?

It's here where we created our second dataset.

That's where mine is. So, you know, if I was making that change, this wouldn't be repurchases, it would be goodwill.

And it wouldn't be plus, it'd be minus.

And I'd probably want to change this and also change that, right?

Come up with a new variable name.

And if you want to make a note to yourself here in the code, where is read, let's see. Well, no.

Okay, I know what I did. Okay.

If you want to make a note yourself in the code to remind yourself to make that change, you can add a comment similar to how we annotate the code.

You can put a little comment here, like, meaning you'll want to change not only the calculation there, but also the variables and whatever you end up calling the variable there, does that make sense?

Questions on that modification?

Okay, let me I have a little checklist here.

So here's what I did when I made my adjustments, just like probably you did for last week.

When you venture to the homework, you want to change the dataset name names, so instead of dealer, you can change.

And dealer, of course, is very unique.

That's why I chose one reason why I chose it.

So if you want to control F, find and replace and put, dealer replace with something else.

I'll be real straightforward.

We want to of course change the x barrel tag names.

We want to change that formula and variable name.

Like I mentioned that net assets plus repurchases, it needs to become net assets minus goodwill.

Another modification you'll need to do is simply based on reading the question and following my hints.

And this is going to be in part D and E of the homework question.

I have the hint here, you'll have the inequality conditions for both D and E, But just make note, they do differ from what we had in class.

So make note and make those changes carefully.

And of course, you don't need to follow my process.

Feel free to deviate as long as we get to the correct answers. That's the main thing.

There's not just one right way to code.

Did we save our code?

Something else we can do is clean things up.

Anybody know about vacuum that will shrink your database down to its minimum size?

In case you have made 100 tables that you deleted and had to recreate, you will shrink the database so that you can save storage space.

Everyone needs a vacuum every once in a while, right? Clean things up.

Questions, Let me show those values we got here.

Do you want to jot those down?

This week we have our regular stuff.

Week three, discussion, week three homework, week four.

Next week we don't meet live, but we know where to find next week's content.

We know next week we have our first memo.

And also the end of next week, the midterm exam, which will open Friday at 08:00 A.M. and be due by Sunday end of day, which is July 9.

I'll adjust those dates shortly.

Again, we're not going to meet live next week, but I'll be monitoring if you have questions.

And I think that's it for our session this evening.

We covered a lot of stuff this evening.

And as always, thank you for joining me here live.

Let's see, I'm going to stop the recording as I have done in our previous