2016-17 BEST-SELLING ACCOUNTING CASES
An acquisition decision by Satyam Corporation created discontent among shareholders and led to a series of investigations that revealed fraud of about INR 50 billion, leading to resignations by several board members and the CEO. This episode became a mockery of corporate governance practices, raising questions about the efficacy of well-accepted governance norms.

This case covers the events that led to the failure of Satyam. The roles of not only the “promoter” but also other parties, such as the managers, board of directors, auditors and bankers, are discussed in detail. The case draws attention to various corporate governance and ethical issues and provides an opportunity to discuss measures that should be taken by regulators, auditors, and other bodies to prevent fraud.

Learning Objective:
This case can be used in an undergraduate, MBA, or executive development program to highlight the following issues:
Ethics and corporate governance: This case can be used to discuss the effectiveness of current corporate governance regulations and how they can be made more effective.
Organizational culture and values: Corporate governance mechanisms, such as ownership structure, board composition and stakeholder influence, determine organizational culture and values.
Smaller firms inherit corporate values from their founders. In larger companies, managers and board members play a pivotal role in shaping corporate values. This case can be used to discuss the factors affecting the development of corporate values.

Discipline: Accounting; General Management/Strategy; International
Industry: Information, Media & Telecommunications
Intended Audience: Undergraduate/MBA
Length: 14 pages
Product Number: 9B11M028
Product Type: Case (Pub Mat)
Publication Date: June 22, 2011
Accountant Sarah McIvor, a junior partner with PricewaterhouseCoopers, has been selected to conduct a financial review of Gemini Electronics Ltd. Gemini is an up-start American electronics company that recently went public and now wants to expand its business to rival the major Korean and Japanese producers. Before the company finalizes any expansion plans, Dr. Wang, the founder, feels it is prudent to conduct an independent evaluation of Gemini’s financial condition.

**Learning Objective:**
This case provides students who are taking their first course in corporate finance with the opportunity to apply their skills in financial statement analysis. Students not only calculate and analyze an array of financial ratios, they also learn to use this knowledge in plotting a strategic direction for a rapidly expanding technology company.

**Discipline:** Finance; Accounting; International; Entrepreneurship

**Industry:** Manufacturing

**Intended Audience:** Intro/Undergraduate

**Length:** 7 pages

**Product Number:** 9B11N022

**Product Type:** Case (Gen Exp)

**Publication Date:** February 21, 2012
The CEO of Strong Tie received the draft 2008 financial statements for the company, which was a manufacturer of structural connectors used in the building industry. He began to question the company’s performance when he compared the statements to those of previous years. How were profits holding up given the intense price competition in the industry? Were attempts to lower costs through more automation paying off? Were the current problems in the U.S. housing market going to continue to reduce demand for connectors? How would lenders react to this poor performance? Was the company’s financing in danger?

After discussing the matter extensively with Strong Tie’s CFO, it was decided that an outside consultant should be hired to provide an independent analysis of the company’s recent performance and to provide suggestions for future action.

**Learning Objective:**
This case provides students who are taking their first course in corporate finance with the opportunity to apply their skills in financial statement analysis. Students not only calculate and analyze an array of financial ratios, they also learn to use this knowledge in plotting a strategic direction for a manufacturer of a low-tech product facing increasingly intense international competition.

**Discipline:** Finance; Accounting  
**Industry:** Manufacturing  
**Intended Audience:** Intro/Undergraduate  
**Length:** 5 pages  
**Product Number:** 9B11N021  
**Product Type:** Case (Gen Exp)  
**Publication Date:** February 21, 2012
Jenny Chen, CA, CFA, CMC has been hired by Jane Wallace of High Performance Tire. Jane, who inherited the firm from her parents, had successfully run the company for many years. When she transferred the responsibility to her son William in 2001, he began to make several changes in order to expand the number of outlets, diversify the product offering, and cut costs in the company. In 2004, the company was having difficulties and Jane decided to become more involved in the family business once again. Jenny's task is to review and analyze the company operations and make recommendations.

**Discipline:** Accounting; Entrepreneurship; Introductory Business

**Industry:** Retail Trade

**Intended Audience:** Introductory

**Length:** 4 pages

**Product Number:** 9B06B024

**Product Type:** Case (Gen Exp)

**Publication Date:** September 12, 2006
In July 2015, the owner of the Anandam Company approached a bank for additional funding to meet the growing requirements of his garment manufacturing firm. The owner was confident about the financial prospects of his firm, with its fourfold increase in revenue and phenomenal increase in profit after taxes over the last three years. In a lengthy discussion with the bank manager, the owner shared the development of his company and the dynamics and growth opportunities of the garment and textile market in India. He believed his firm was performing strongly in a highly competitive industry environment. The bank manager instructed the loan officer to process the loan application as soon as possible and make a decision. Determining the health of the company would involve preparing a trend analysis and a common size statement, interpreting selected ratios, and preparing a basic statement of cash flows. Was the Anandam Company a good candidate for receiving a loan?

Learning Objective:
This case is suitable for use in the early stage of an MBA or undergraduate core course in accounting where students are required to study the financial analysis of an organization. It is also relevant in bank management courses where the approval/rejection of loans is taught.

The case requires students to conduct a financial analysis of the Anandam Company for the purpose of obtaining a loan from the bank. It entails the use of financial statement analysis, balance sheets, and income statements to provide a complete picture of a firm’s financial health.

The case allows students to calculate a series of financial ratios and perform basic financial statement analysis, which requires the preparation of a cash flow statement, trend analysis, and common size statements.

The case will help demonstrate shortcomings in ratio analysis and will serve as a caution to students against misreading and misinterpreting financial statements.

Discipline: Accounting; Entrepreneurship; International
Industry: Manufacturing
Intended Audience: Undergraduate/MBA
Length: 6 pages
Product Number: 9B16B007
Product Type: Case (Field)
Publication Date: April 13, 2016
An entrepreneur is hoping to open Caribbean Internet Cafe in Kingston, Jamaica. He has gathered data on all the relevant costs: equipment, rent, labor, etc. He has also found a partner in the local telephone company, Jamaica Telecommunications Limited (JTL). JTL has provided equity and a long-term loan at favourable interest rates. He is now faced with the task of analyzing fixed, variable and start-up costs, contribution margin, and the concept of break-even to guide his decision.
During the summer of 2013, the company founder and operations manager of Hockley Valley Brewing Co. Inc., a microbrewery situated in rural Ontario, were reviewing the company’s product mix. Sales at a recent summer festival showed a strong demand for light beers, rather than the dark ales that made up the majority of Hockley’s sales. Not only did the company compete with large multinational brewing companies, but they faced stiff competition from the established and new microbreweries that were springing up all over Ontario to meet consumer demand for fresh, local and unique beers. They had to decide whether the company should launch a new lager to further penetrate the light beer market; if so, they also had to make recommendations on pricing, distribution and promotional strategies for the new brand.

Learning Objective:
This case best serves as an introduction to a marketing management module in an introductory undergraduate business course. Its objectives are the following:

To conduct an industry and competitive analysis and a corporate size-up.

To build on the introduction of the various components (product, placement, price, promotion) of a marketing framework.

To calculate unit contribution and breakeven for the introduction of a new product.

To design a marketing plan and to make a decision/recommendation about whether to go ahead with the new product.

Discipline: Accounting; Marketing
Industry: Accommodation & Food Services
Intended Audience: Introductory
Length: 11 pages
Product Number: 9B14B006
Product Type: Case (Field)
Publication Date: May 07, 2014
In 1999, Pulsar’s chairman and CEO, Jenny Jones appointed her daughter-in-law, Kyla Jacobs-Jones, to run Caltron. Caltron, a calculator manufacturer, was fully owned by Pulsar. Caltron was facing stiff competition from abroad, and in 2001 members of Pulsar’s board of directors began to put pressure on Jones to divest it. Jacobs-Jones was given two years to turn the unit around before revisiting the decision to divest Caltron. In 2004, Dan O’Shea, CA, CFA, a corporate financial consultant with KPMG, has been hired to review and analyze the company operations and make recommendations.

**Discipline:** Introductory Business; Accounting

**Industry:** Manufacturing

**Intended Audience:** Introductory

**Length:** 5 pages

**Product Number:** 9B06B025

**Product Type:** Case (Gen Exp)

**Publication Date:** September 12, 2006
A budding entrepreneur in India is planning to set up a fly ash brick manufacturing plant near a thermal power plant. Not only does making bricks out of the residue of coal power generation reduce the amount of fly ash waste dumped on the ground, but the government is actively supporting the fly ash brick industry as a way to meet the increasing demands for construction materials that are environmentally sustainable. On the basis of preliminary analysis, the entrepreneur decides to set up a plant that will have the capacity to manufacture four million bricks. Though actual production will depend on market demand, he and his potential partner estimate that 2.4 million bricks can be sold per year at an average Rs 7,000 per 1,000 bricks. He wants to ascertain the feasibility of the project using a cost-volume-profit analysis.

**Learning Objective:**
To teach the basic concepts surrounding cost-volume-profit analysis and to determine the breakeven point to ascertain the feasibility of a project.

To analyze various expenses into fixed cost, variable cost and initial investment and to simulate return on equity depending on different volumes.

**Discipline:** Accounting; Entrepreneurship; International

**Industry:** Construction

**Intended Audience:** Undergraduate/MBA

**Length:** 6 pages

**Product Number:** 9B13B022

**Product Type:** Case (Field)

**Publication Date:** December 20, 2013
This case provides an opportunity to review Groupon Inc’s S1 filing made prior to an initial public offering. Groupon’s financial statements attracted a great deal of controversy due to revenue recognition policies that produced substantially higher revenues for the corporation, as well as non-GAAP earnings measures, especially ACSOI — an invention of the firm that served to exclude certain marketing expenses from the calculation of profit. Since marketing expenses were a very material expense for Groupon at a stage at which it was building its business, the effect of the use of ACSOI was as substantial as the effect of aggressive revenue recognition policies. Groupon backed down on both revenue recognition and the use of ACSOI following SEC inquiries into the corporation’s accounting policies.

Learning Objective:
The case can be used at a relatively early stage to illustrate the potentially profound effect of revenue recognition policies and the potentially incomplete picture provided by non-GAAP earnings measures. The case features real published financial statement data as well as SEC letters related to the agency’s investigation of Groupon’s accounting practices. Groupon is a well-known and highly publicized firm, and many students will have used “Groupons” and participated in the company’s promotions. The case provides...