

## Discussion 1:

Prior to beginning work on this discussion forum, read Chapters 3, 4, and 5 in the course textbook, *Using Financial Accounting Information: The Alternative to Debits and Credits*, and Chapter 6 in the course textbook, *Warren Buffett Accounting Book: Reading Financial Statements for Value Investing*.

Using the same company and annual reports that you chose in your [Week 1 - Discussion Forum](#), Reading and Using the Annual Report Case Study, address the following:

- Calculate the gross profit ratio, operating margin ratio, and net income margin ratio for the latest two years, and obtain the industry average ratios (if available) from IBISWorld.
- Analyze these ratios and discuss what each of these ratios tells you about the company's profitability, and how it compares to the industry averages.
- Note any trends in these ratios from year-to-year, and discuss your assessment of the company based on these changes.
- If you were an investor, explain why you would or would not buy stock in the company.

Your initial response should be a minimum of 200 words. Support your response with at least one scholarly and/or credible resource, in addition to the text.

## Discussion 2

Prior to beginning work on this discussion forum, read Chapter 5 in the course textbook, *Using Financial Accounting Information: The Alternative to Debits and Credits*.

You may consider using the same company and annual reports that you chose in your [Week 1 – Discussion Forum](#), Reading and Using the Annual Report Case Study. This choice will only work if the company generates the bulk of its revenue from the sale of goods and maintains inventory. If not, then you will need to select another company for this analysis. Choose a company that a fellow student has not already posted.

Address the following:

- Calculate the inventory turnover ratio and number of days' sales in inventory for the company for the latest two years. Obtain the industry averages for these ratios and any other pertinent information from IBISWorld, and analyze the results.
- Discuss what each of these ratios tells you about the company's efficiency in managing its inventory, and how they compare to the industry average.

- Identify the major causes of any changes in these ratios, and discuss your assessment of the company based on these changes.
- If you are an investor, explain whether or not you are satisfied with the company's inventory management.

Your initial response should be a minimum of 200 words. Support your response with at least one scholarly and/or credible resource, in addition to the text.