

Group Classroom Exercise #2

Preparing an Economic, Industry and Company Analysis

ACCT 416, Spring 2026

Prepared by Professor Tony Aaron

Due Date, Grading : Your **Word Answer Sheet** must be turned in as an attachment via email to aarona@marshall.usc.edu prior to the start of class, (Either 8:00am or 10:00am Pacific time, for 14106 and 14107, respectively) on the date specified in the syllabus. Each group exercise will be graded, based upon a maximum score of 40 points (4% of your ultimate grade). There will be a total of five classroom exercises, plus a group presentation of your cumulative findings for the company you have chosen for your group near the end of the semester, based upon the results of your work on the five exercises.

Instructions: Please answer each question in a narrative fashion, **using a Word file**. Do not convert the file to PDF or any other format. Include your group number and the names of your group members at the beginning of your deliverable(s). Your response to the Exercise detailed below may be presented in the same Word file or in a separate Word file, if you prefer. Use the following naming convention, for the Word file:

ACCT 416 Classroom Exercise 2 Group X 8am S26 Narrative.docx

Or...

ACCT 416 Classroom Exercise 2 Group X 10am S26 Narrative.docx

You may add the words “Questions” and “Exercise” at the end if you choose to submit two files rather than one.

Questions:

1. In your own words, describe how a financial analyst might consider the effect of economic and industry factors in preparing a financial analysis of a company.
2. In your own words, compare and contrast the three primary concepts of income discussed in Classes 5 and 6 (Module 3 and Qualitative Analysis).
3. In your own words, describe the differences between the permanent component and the transitory component of “Accounting Income”.

Exercise:

For the publicly traded company which you chose in Classroom Exercise 1 (and for which you downloaded the 10-K, Annual Report and five years of financial statement history), you will be preparing a brief business analysis. Utilize our Lecture Slide Deck for Classes 5 and 6 (Module 3 and Qualitative Analysis) to help frame your responses. You will write three paragraphs in performing this exercise: First, write a paragraph analyzing one or two issues from the current economic environment, and their relevance to your company. Second, write a paragraph analyzing the industry that your company competes/participates in, and how the current status of the industry impacts your company. Use a framework of your choosing to analyze the industry (e.g. Life Cycle Analysis, SWOT analysis, Porter factors, Low Cost/Differentiated Strategies, etc.). Third, write a paragraph, describing the current business circumstances surrounding your company. Your business analysis of the company should focus on the “Competitive Advantages” that your company possesses relative to its competitors, which allows it to seek profit and growth opportunities which might differentiate it from its competitors and that might also allow it to produce “Economic Value Added”.

This exercise is not intended to be a complete and thorough analysis of the economy/industry/company. Instead, pick a few of the most salient issues from the economy, industry and from your company to emphasize in your response.