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Abstracts from the 2015 Oklahoma Research Day

Held at Northeastern State University

01. Business Administration

01. Accounting

01.01.01 Accounting Statement Footnotes Contextual Association with Firm Financial Characteristics?

azam,habibi *University of Central Oklahoma*

Zane,Swanson *University of Central Oklahoma*

Information quality of financial accounting statements is an issue for readers' decision-making. This project investigates the association of the readability of financial statement management's discussion and analysis (MD&A) and footnotes with the firm's weighted average cost of capital (a key ratio used in firm valuations and investments). The study focuses upon the oil and gas industry in order to include an analysis of "successful efforts" versus "full cost" accounting methods. We use a regression system of two equations. The first equation is based on the premise that firm management/financial statement preparers will act to minimize the weighted accounting average cost of capital (WACC) with respect to their readability of MD&A and footnotes. The second equation posits that the MD&A readability is a function of WACC plus footnote readability characteristics. We also analyze a logistic regression to investigate the impact of WACC information on accounting method choice of "successful efforts" versus "full cost". Results indicate that accounting readability of footnotes does associate with weighted average cost of capital. This study extends readability research into the footnote area. In an unexplored area, the study finds firm financial data impacts the accounting choice of "successful efforts" versus "full cost", but no association is apparent of the method with weighted

01.01.02 COST-VOLUME-PROFIT ANALYSIS

Chelsi,Norris *East Central University*

The objective of this project was to analyze the benefits of a company performing a Cost-Volume-Profit analysis before they began selling products. My thesis for the project involved the question, "Why and when is it important to perform a Cost-Volume-Profit analysis?" In order to explore this thesis, I took an example problem from my Managerial Accounting textbook that involved a hypothetical business determining certain variables of the company that, in the end, constituted a full Cost-Volume-Profit analysis. In determining these variables, I made several calculations and graphs to explain each point. I found that the hypothetical company Success Systems needed to make 60 composite units in order to break-even with their profits and costs. After performing this analysis, the company knows how much product they need to create in order to have a profit. Without this analysis, the company could have risked creating not enough products and becoming bankrupt. Therefore, these analyses need to be performed before a company jumps into creating product and building up costs.