BANK OF GREEN VALLEY – Hints

In preparing a report or a presentation for your supervisor at Bank of Green Valley, I recommend that you consider the following:

1. Conduct the applicable legal analyses to determine if Victor Hines, LLP was negligent to the Bank of Green Valley by evaluating all applicable elements (duty of care, breach of duty, causations, damages)

In determining whether breach occurred, make sure to perform the following accounting analysis:

* 1. Recreate the journal entry that ZonTech made when it sold the stock to GreenSel. How much gain was recognized on the sale of the stock? How much cash inflow did this transaction create for ZonTech?
  2. Calculate the present value of the note receivable using a 15% interest rate. Using the present value of the note as the only economic benefit received, recalculate the gain or loss on the transaction.
  3. Connect the above analyses to the applicable legal elements that could be argued by both the plaintiff and the defendant.
  4. In order to calculate the potential damages sustained by the Bank of Green Valley, you will need to do the following: (1) correct the 2004 income statement using the analysis you completed above; (2) perform ratio analysis on the four year’s income (as originally stated and then after your corrections) to determine if the firm had a pattern of income stability; (3) Lastly, calculate the standard profitability ratios (Return on Sales, Gross Profit Margin, Earnings per share, plus any other analysis you wish to perform.)

2. Analyze the ethical dilemma that was faced by the applicable party using the process discussed in class and as per the procedures listed on the course’s website.