



HARVARD BUSINESS SCHOOL
CASES

MBA核心课案例教学推荐教材

Financial Reporting & Control (Reprint)

财务报告与控制 (英文版)



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出版说明

随着 MBA 教育逐渐走向成熟，人们对于案例教学已不再陌生，很多院校，特别是首批 MBA 试点院校已经比较普遍地采用案例教学这种模式。案例教学、案例编写也成为全国 MBA 教学指导委员会十分重视并大力推广的重要工作。为满足教学需要，中国人民大学出版社与哈佛商学院出版公司达成了引进出版哈佛商学院案例的协议，围绕 MBA 教学选择了十门课程，包括：战略管理，人力资源管理，营销管理，公司财务管理，领导学，组织行为学，供应链管理，技术与运营管理，财务报告与控制，企业、政府与国际经济，中文版和英文版同时推出。先由哈佛大学教授从其数千个案例中进行选择、推荐，再由中国教授从推荐的案例目录中遴选，在翻译的过程中又作了进一步的调整，最终确定了目前的案例。

多年来，中国人民大学出版社一直在不懈地打造经管类图书的品牌，特别是，作为高等教育教材出版的市场领先者，我们一直希望能为中国的管理教学和实践提供更多、更好的产品。随着中国 MBA 市场规模的扩大，学生人数的增加、素质的提高，教师队伍的成熟，我们发现，案例教学教材的数量不足及质量不高成了一个比较大的问题，基于大量的市场调研，哈佛商学院的案例便成了我们针对 MBA 教学引进案例的首选。毕竟，哈佛大学是最早开始 MBA 教育的，其 MBA 学位计划有近一百年的历史。哈佛案例每年能销 600 万份，其案例教学法也在逐渐为世界上各大学校所熟悉和借鉴。作为一家以为高等教育服务为己任的大学出版社，我们深感哈佛案例的引进对于我国工商管理教育理论和实践的提升具有十分重要的意义，事实上，我们在 2002 年曾引进出版了一套哈佛商学案例，分商务基础系列和实务系列，共 21 种，在当时引起了很大的反响，只是囿于条件，案例没能根据课程设置选取，不便于教师在教学中使用，基于此，便有了我们这套针对 MBA 核心课程的案例。

在运作这套案例的过程中，我们广泛听取了老师们的意见和建议，我们发现，单是引进一些案例并出版不能满足教学的实际需要，对于很多老师来说，如何讲授哈佛案例才是一个难点。同时，我们在前期调研和筹备工作中也深感案例的推广不再局限于传统意义上的图书推广工作，它已超出了传统单纯出版图书的概念，变成了一种教学理念和教学方法的推广，它需要我们提供更多、更长期的后续服务，并改变传统的出版模式。

就在我们策划出版这套案例书之际，哈佛商学院酝酿已久的 PCMPCL (Program on

Case Method and Participant-Centered Learning) 培训计划正式启动。为配合 PCMPCL 项目, 哈佛商学院出版公司邀请包括中国大陆、香港、台湾等地区和新加坡在内的 16 所大学的商学院选派一些教授到哈佛商学院参加哈佛案例教学的培训。首次培训定于 2005 年 8 月, 同年 12 月还将在中国举办第二期有关案例教学与写作的培训。

同时, 为帮助广大教师更好地使用哈佛案例, 中国人民大学出版社还将配套引进案例的教师用书、教学录像等辅助资料(出于授权限制, 仅向使用本案例教学的教师提供)。在案例出版后, 我们还将提供教学支持, 帮助中国教师更好、更便利地使用案例。

运作案例出版的过程是艰苦的, 但结果是美好的、令人难忘的。在和哈佛商学院出版公司的合作中, 我们一次又一次地听到他们虔诚地谈及他们的使命: 改善管理实践。在案例出版的过程中, 很多人做了辛苦的工作, 我们感谢哈佛商学院高级副院长、贝克基金教授史蒂文·C·惠尔赖特(Steve C. Wheelwright)先生, 他为我们的案例出版写了序, 他在这套案例书 10 门课的选择中起了决定性的作用, 没有他的努力, 这套书的出版是不可能的。感谢 John Quelch、Michael Tushman、Debora Spar、Pankaj Ghemawat、David Hawkins 以及 David Upton 等教授, 他们在我们初选案例的过程中给予了建议和指导; 感谢哈佛商学院和哈佛商学院出版公司的下列人员, 他们为案例的挑选做了许多工作: Paul Andrews、Tim Cannon、Tad Dearden、Mike Derocco、Pat Hathaway、Amy Iakovou 和 Carol Sweet; 感谢哈佛商学院出版公司国际部总经理陈欣章先生, 他促成了案例最终出版协议的签订和执行, 并完成了整个过程中的协调工作。最后, 也要感谢所有参加案例中文版翻译的教授, 他们都有自己繁重的教学任务, 在出版时间紧迫的情况下, 各位教授都保质、按时地完成了翻译工作。

我们希望这套案例书的出版以及后续的培训工作需要影响几百、几千乃至上万个 MBA; 我们希望他们能用一种新的视角, 适应国际化的大趋势, 理解现代企业的管理方法, 理性地接受信用经商的理念, 推动中国经济的更大发展; 我们希望能通过我们的出版物来引导中国的管理实践。如能做到此, 那么其间的各种辛苦努力也就值得了。

感谢您选用或关注我们的这套案例书, 对您的任何反馈我们都十分珍视。我们的联系方式: 010-62510566 转 551 或 541; E-mail: rdcbsjg@crup.com.cn 或登录: <http://www.rdjg.com.cn>。

中国人民大学出版社

2005 年 7 月



序

“培养世界上有影响力的领导人”是哈佛商学院的使命。1908年，哈佛商学院正式成立。为实现这一使命，哈佛商学院通过实施各种项目，影响众多不同的人。哈佛商学院最出名的可能是其MBA项目，但同时我们也通过开展高级管理人员培训项目（Executive Education Program）（包括AMP项目以及其他逾100个为职业经理人开设的各种培训项目）和通过哈佛商学院出版公司的出版物追求我们的使命。我们的出版物包括《哈佛商业评论》、哈佛商学院图书、网络课程，以及哈佛商学院案例研究。

为杰出院校提供建议也是我们使命的一个重要方面。在过去的60年里，哈佛商学院为世界上许多院校不仅提供了教学案例，还通过各种项目帮助他们及其教师提升了自己的案例教学能力。包括：国际教师项目（ITP）、以参与者为中心的教学法培训项目（CPCL）、案例教学与以参与者为中心的教学法培训项目（PCMPCL）。其中，PCMPCL项目发起于2005年8月，其目的在于帮助中国大陆、香港、台湾等地区和新加坡的主要商学院提升其在MBA项目、高级管理人员培训项目以及以管理实践为导向的研究中，熟练运用案例教学和启发式教学的能力。

通过多年的实践，哈佛商学院发现案例教学的应用通常需要经历三个阶段。第一阶段，案例在管理学课堂上是作为概念或原理的例子、说明来使用的。第二阶段，将案例研究作为主要的学习方法，依靠案例讨论。第三阶段，教授开始把他们在案例研究和课程发展上取得的成果大量应用于教学，以便更好地理解 and 传授如何做决定。

为实践我们的使命，哈佛商学院和哈佛商学院出版公司很高兴与中国人民大学出版社携手帮助中国商学院及其教授实现从第二阶段向第三阶段的跨越。我们的努力包括：为来自中国大陆、香港、台湾等地区和新加坡的教授提供为期10天的PCMPCL培训；出版一套根据MBA核心课编辑的案例书（分中文版和英文版）；组织一系列后续服务的案例教学和案例写作的培训班；建立一个服务于中国教师的案例服务中心。

我们这样做的目的有两个，并且这两个方面都与哈佛商学院的使命紧密相连。一

个目的是通过帮助全球教育机构——正如我们在中国发现的那些机构一样——发展他们自身的、着眼于管理实践的案例教学能力，从而促进全球管理教育水平的提高。另一个目的是帮助这些机构培养一些能够在他们的学校中起到带头作用的教师，使他们能够写出新的、能够与世界分享的案例研究和教学资料。这种既符合国际标准，又与中国具体管理实践相关的案例研究正是中国管理教育机构所急需的。

我们很高兴中国人民大学出版社和中国许多优秀的商学院加入我们的队伍。我们希望哈佛案例书在中国的出版能对中国的教育机构、教师及其培养的未来职业经理人有所帮助，帮助他们实现在全球经济中扮演重要角色的梦想。

史蒂文·C·惠尔赖特 (Steven C. Wheelwright)

哈佛商学院高级副院长，贝克基金教授

2005年6月



PREFACE

The mission of the Harvard Business School (HBS) is “to educate leaders who will make a difference in the world.” Founded in 1908, when Harvard University was already more than 250 years old, HBS achieves this mission by reaching a wide range of audiences through a variety of programs. While HBS is perhaps best known for its MBA Program, it also pursues this mission through its Executive Education Programs (including the Advanced Management Program as well as over 100 additional programs for practicing managers) and through the publishing activities of Harvard Business School Publishing (HBSP) which include Harvard Business Review, HBS Press (books), E-Learning products, and HBS Case Studies.

Providing guidance for leading academic institutions continues to be an important aspect of the HBS Mission. Over the past 60 years, HBS has not only made its case studies available throughout the world, but has assisted other Universities and their faculties in developing their ability to teach by the case method. This has included the offering of such courses as The International Teachers Program (ITP), Colloquium on Participant Centered Learning (CPCL) and the Program on Case Method and Participant Centered Learning (PCMPCL). The PCMPCL Program initiated in August of 2005 is aimed at helping leading Business Schools in Greater China and Singapore to develop excellence in the use of the case method and participant centered learning in both MBA and Executive Programs, as well as in practitioner-oriented research.

HBS has discovered over the years that adoption of the case method often proceeds through three stages. The first stage is where cases are used as examples and illustrations of principles and concepts being taught in a Management Course. The second stage is where cases become a primary means of learning, with a majority of the class sessions in a program relying on field-based cases. The third stage is then where the faculty begin doing significant amounts of their case-based research and curriculum development to better understand and teach about decision making.

Consistent with our mission, we at HBS and at HBS Publishing are pleased to offer—in conjunction with our partner, China Renmin University Press—a comprehensive approach to Chinese Business Schools and their faculty, that is focused on helping them progress through

the second stage of participant-centered learning and into that third stage. This overall effort consists of offering the 10-day PCMPCL Course to teams of business school faculty from Greater China and Singapore, providing a series of case books (through China Renmin University Press) tailored to the Ministry of Education's MBA curriculum recommendations, offering a set of follow-up case teaching and case writing seminars in China, and establishing an academic support center to assist faculty with their unique course and case requirements.

Our purposes in doing this are two-fold, but both are directly tied to the HBS Mission. One purpose is to facilitate better management education throughout the global economy by assisting leading educational institutions—such as those found in China—in developing their capabilities in practitioner focused, case based teaching. The other purpose is to help the leadership at such institutions to develop a critical mass of faculty who can lead the efforts of their own institutions in creating additional case-based teaching and research materials that can be shared with other parts of the world. Such China-specific management materials of a world class caliber are anxiously needed by academics elsewhere in the world.

We are pleased that China Renmin University Press and so many leading Chinese Management Schools would join with us in pursuit of these purposes. We anticipate that this series of case books will be a significant contributor to the pursuit of the important role that Chinese Educational Institutions, their faculty, and the practitioners they serve will have in the global economy.

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June 2005

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Kansas City Zephyrs Baseball Club, Inc.

On April 17, 1985, Bill Ahern sat in his office and contemplated a difficult judgment he had to make in the next two days. Two weeks before, Bill had been asked to be an arbitrator in a dispute between the Owner-Player Committee (OPC, the representatives of the owners of the 26 major league baseball teams in collective bargaining negotiations) and the Professional Baseball Players Association (PBPA, the players' union).

A Baseball Accounting Dispute

The issue Ahern had to resolve was the profitability of the major league baseball teams. The players felt they should share in the teams' profits; the owners maintained, however, that most of the teams were actually losing money each year, and they produced financial statements to support that position. The players, who had examined the owners' statements, countered that the owners were hiding profits through a number of accounting tricks and that the statements did not accurately reflect the economic reality. Ahern's decision on the profitability issue, was important because it would affect the ongoing contract negotiations, particularly in the areas of minimum salaries and team contributions to the players' pension fund.

On April 9, Ahern met with the OPC and the representatives of the PBPA. They explained they wanted him to focus on the finances of the Kansas City Zephyrs Baseball Club, Inc. This club was selected for review because both sides agreed its operations were representative, yet it was a relatively clean and simple example to study: the baseball club entity was not owned by another corporation, and it did not own the stadium the team played in. Furthermore, no private financial data would have to be revealed because the corporation was publicly owned. Ahern's task was to review the Zephyrs' financial statements, hear the owners' and players' arguments, and then reach a decision as to the profitability of the team by Friday, April 19.

Major League Baseball

Major league baseball in the United States was comprised of a number of components bound together by sets of agreements and contractual relationships. At the heart of major league baseball

Research Assistant Joseph P. Mulloy prepared this case under the supervision of Professors Kenneth A. Merchant and Krishna G. Palepu as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. The case is based on publicly available information.

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were the 26 major league teams. Each team operated as an independent economic unit in such matters as contracting for players, promoting games and selling tickets, arranging for the use of a stadium and other needed facilities and services, and negotiating local broadcasting of games. The teams joined together to establish common rules and playing schedules, and to stage championship games.

The business of most teams was limited exclusively to their major league activities. Very few integrated vertically by owning their own stadium or minor league teams. Most teams were organized as partnerships or privately held corporations, although a few were subunits of larger corporations. While baseball was often thought of as a big business, the individual teams were relatively small. For most of them, annual revenues were between \$20 million and \$30 million.

Each team maintained an active roster of 24 players during the playing season, plus 16 minor league players "on option," who might see major league action during the season. This made a total of 40 players on major league contracts for each team at any one time. Each team played a schedule of 162 games during the season, 81 at home and 81 away.

Collectively, the team owners established most of the regulations that governed the industry. The covenant that bound them was the Major League Agreement (MLA), to which was attached the Major League Rules. The rules detailed all the procedures the clubs agreed on, including the rules for signing, trading, and dealing with players.

Under the MLA, the owners elected a commissioner of baseball for a seven-year term. The commissioner acted as a spokesperson for the industry, resolved disputes among the clubs and the other baseball entities, policed the industry, and enforced the rules. The commissioner had broad powers to protect the best interests of the game. The commissioner also administered the Major Leagues Central Fund, under which he negotiated and received the revenues from national broadcast contracts for major league games. About one-half of the fund's revenues were passed on directly to the teams in approximately equal shares.

Within the overall structure of major league baseball, the 26 teams were organized into two leagues each with its own president and administration. The American League had 14 teams and the National League had 12 teams, of which one was the Kansas City Zephyrs. Each league controlled the allocation and movement of its respective franchises. In addition to authorizing franchises, the leagues developed the schedule of games, contracted for umpires, and performed other administrative tasks. The leagues were financed through a small percentage share of club ticket revenues and receipts from the World Series and pennant championship games.

In addition to the major league teams, U.S. baseball included about 150 minor league teams located throughout the United States, Canada, and Mexico. Minor league teams served a dual function: they were entertainment entities in their own right, and they were training grounds for major league players. Through Player Development Contracts, the major league teams agreed to pay a certain portion of their affiliated minor league teams' operating expenses and player salaries.

Meeting with the Zephyrs' Owners

Bill Ahern spent Tuesday reviewing the history of major league baseball and the relationships among the various entities that make up the major leagues. Then he met with the Zephyrs owners' representatives on Wednesday.

The owners' representatives gave Ahern a short history of the team and presented him with the team's financial statements for the years 1983 and 1984 (**Exhibits 1 and 2**). The current owner was a corporation with five major shareholders, which bought the team on November 1, 1982, for \$24 million. The Zephyrs did not own any of their minor league teams or their stadium, but two of the Zephyrs' owners were part owners of the private corporation that owned the baseball stadium.

Ahern studied the financial statements for a short time, and then he met with Keith Strong, the owners' lawyer. The conversation can be summarized by the following exchange:

Bill: I would like to know more about the controversial items in your financial statements. First, could you please explain your players' salaries expense entries?

Keith: Sure. Here is a list of our roster players and what we paid them last year see Exhibit 3. The number we show on our 1984 income statement is the total expense of \$10,097,000. Most of the expense represents cash outflows in 1984. The only exception is shown in the last column of this exhibit. For our highest paid players, we have agreed to defer a portion of their salary for 10 years. That helps save them taxes and provides them with some income after their playing days are over.

Bill: What is the nonroster guaranteed contract expense?

Keith: That is also player salary expense, but we break it out separately because the salaries are paid to players who are no longer on our active roster. The salaries are amounts we owe to players whom we released who had long-term guaranteed contracts. The amount of \$750,000 represents the amount we still owe at the end of 1984 to two players shown in Figure A. Joe Portocararo, one of our veteran pitchers, signed a four-year guaranteed contract last year, but before the season started he suffered a serious injury, and Joe and the team jointly decided it was best he retire. We released U. R. Wilson in spring training, hoping that another team would pick him up and pay his salary, but none did.

Figure A Calculation of Nonroster Guaranteed Contract Expense (\$000)

Player	Amount Owed			Total
	1984	1985	1986	
Joe Portocararo	\$300.0	\$350.0	\$400.0	\$1,050.0
U. R. Wilson	200.0			<u>200.0</u>
				<u>\$1,250.0</u>

We still owe these players the amounts in their contracts. We decided to expense the whole amount in 1984 because they are not active players; they are not serving to bring in our current revenues. We felt it was more meaningful and conservative to recognize these losses now, as they result from the effects of past decisions that did not turn out well.

Bill: Okay. Let's move on to roster depreciation expense.

Keith: When the team was bought in 1982, 50 percent of the purchase price (\$12 million) was designated as the value of the player roster at that time. This amount was capitalized and is being amortized over six years.

Bill: Why 50 percent?

Keith: That is the maximum percentage that the Internal Revenue Code will allow when purchasing a sports team.

Bill: I see. Is there anything else in the statements that the players dispute?

Keith: No, I don't think so. The rest of our accounting is very straightforward. Most of our revenues and expenses result directly from a cash inflow or outflow.

Bill: Well, that answers all my questions. Thank you.

Keith: I have just one more thing to say concerning baseball finances in general. People seem to think that we generate huge profits since we have a relative monopoly, but it should be obvious that the professional baseball leagues do not exist in order to carry out traditional cartel functions. The rules and regulations governing the clubs comprising the league are essential to the creation of the league as an entity and have virtually nothing to do with pricing policies of the individual clubs. The objective of the cooperative agreements is not to constrain the economic competition among them, but rather to create the league as a joint venture that produces baseball during a season of play. Without such rules of conduct, leagues would not exist.

When this meeting was completed, Bill Ahern felt he understood the owners' accounting methods well enough.

Meeting with the Players

The following Monday, Ahern met with the PBPA representatives and their lawyer, Paul Hanrahan. They presented Ahern with income statements for the years 1983 and 1984 as they thought they should be drawn up (Exhibit 4). As Ahern studied them, he found the players' version of the financial statements showed profits before tax of \$2.9 million for 1983 and \$3.0 million for 1984 as compared to the losses of \$2.4 million and \$2.6 million on the owners' statements.

Ahern's conversation with Paul Hanrahan went approximately as follows:

Bill: The income statements you have given me are very similar to those of the owners except for a few items.

Paul: That's true; most of the expenses are straightforward. There are only a few areas we dispute, but these areas can have a significant impact on the overall profitability of the team. We feel that the owners have used three techniques to "hide" profits: (1) roster depreciation, (2) overstated player salary expense, and (3) related-party transactions.

Bill: Let's start with roster depreciation. Why have you deleted it?

Paul: We feel it gives numbers that aren't meaningful. The depreciation expense arises only when a team is sold, so you can have two identical teams that will show dramatically different results if one had been sold and the other had not. We also don't think the depreciation is real because most of the players actually improve their skills with experience, so if anything, there

should be an increase in roster value over time, not a reduction as the depreciation would lead you to believe.

Bill: Okay. I understand your reasoning. I'll have to think about that. Let's move on to the next issue.

Paul: That's player salary expense. We think the owners overstate player expense in several ways. One is that they expense the signing bonuses in the year they're paid. We feel the bonuses are just a part of the compensation package, and that for accounting purposes, the bonuses should be spread over the term of the player's contract.

We gathered information on the bonuses paid in the last four years and the contract terms [Exhibit 5]. Then we adjusted the owners' income statements by removing the bonuses from the current roster salary expense and by adding an "amortization of bonuses" line. The net effect of this one adjustment on 1984, for example, was an increase in income of \$373,000¹

Bill: But the owners have really paid out all the bonuses in cash, and there is no guarantee that the players will complete their contracts.

Paul: That's partly true. Some players get hurt and are unable to compete effectively. But the number of players who do not complete their contracts is very small, and we think it is more meaningful to assume that they will continue to play over the term of their contract.

Bill: Okay. What's next?

Paul: A second adjustment we made to the players' salary line was to back out the deferred portion of the total compensation. Many of the players, particularly those who are higher paid, receive only about 80% of their salaries in any given year. They receive the rest 10 years later [Exhibit 3]. We feel that since the team is paying this money over a long period of time, it is misleading to include the whole amount as a current expense. This adjustment increased 1984 income for the Zephyrs by \$1,521,000. No salary expense deferred from prior years was added back in because that form of contract is a relatively recent phenomenon.

Bill: I've looked at some of the contracts, and it says very clearly that the player is to receive, say, \$500,000, of which \$100,000 is deferred to the year 1984. Doesn't that indicate that the salary expense is \$500,000?

Paul: No. The team has paid only \$400,000 in cash.

Bill: Doesn't the team actually set money aside to cover the future obligation?

Paul: Some teams do, and in such cases, I think we would agree that it is appropriate to recognize that amount as a current expense. But the Zephyrs don't set any money aside.

Bill: Okay. You made a third adjustment to the players' salaries.

Paul: Yes, we think the salaries due to players who are no longer on the roster should be recognized when the cash is paid out, not when the players leave the roster. Unless that is done, the income numbers will vary wildly depending on when these players are released and how large

¹ \$1,320,000 less \$947,000.

their contracts are. Furthermore, it is quite possible that these players' contracts will be picked up by another team, and the Zephyrs would then have to turn around and recognize a large gain because the liability it has set up would no longer be payable.

Bill: Okay. Let's go to the last area: related-party transactions. You have listed Stadium Operations at about 80% of what the owners charged. Why is that?

Paul: You probably know that two of the Zephyrs' owners are also involved with the stadium corporation. But what you probably don't know is that they are the sole owners of that stadium company. We think that the stadium rent is set to overcharge the team and help show a loss for the baseball operations.

Bill: How did you get your numbers?

Paul: This wasn't easy, but we looked at what other teams pay for their stadiums. Every contract is slightly different, but we are sure that two of the five shareholders in the team are earning a nice gain on the stadium-pricing agreement.

Just for your own edification, this is not the only type of related-party transaction where the owners can move profits around. A few of the teams are owned by broadcasting organizations, and as a result, they report no local broadcasting revenues. Their individual losses are consolidated into the overall major league position, thus the overall loss is overstated. I know it's hard to do, but an objective look must be taken at all these related-party transactions if baseball's true position is to be fairly stated.

The overall effect of all these adjustments we have made to the Zephyrs' income statements changes losses to profits. In 1984, the change is from a loss of \$1.7 million to a profit of \$1.4 million. In the labor negotiations, the owners keep claiming that they're losing money and can't afford the contract terms we feel are fair. We just don't think that's true. They are "losing money" only because they have selected accounting methods to hide their profits.

Bill: Well, you've given me a lot to think about. There are a lot of good arguments on both sides. Thank you for your time. I'll have my answer for you soon.

Bill's Decision

By Wednesday, April 17, Bill was quite confused. To clarify the areas of disagreement, he prepared the summaries shown in Exhibit 6, but whereas the sets of numbers were clear, the answers to the conflicts were not. Bill had expected this arbitration to be rather straightforward, but instead he was mired in difficult issues involving the accounting unit, depreciation, amortization of intangibles, and related-party transactions. Now he was faced with a tight deadline, and it was not at all obvious to him how to define "good accounting methods" for the Zephyrs Baseball Club.