

Assignment Financial Accounting

First Solar Inc. is a US-based company – the company’s description from the last annual report is stated in the following:



Figure 1: PV plant (source: microsoft)

“First Solar is a leading global provider of comprehensive photo-voltaic (PV) solar systems which use its advanced module and system technology. The company’s integrated power plant solutions deliver an economically attractive alternative to fossil-fuel electricity generation today. From raw material sourcing through end-of-life module recycling, First Solar’s renewable energy systems protect and enhance the

environment. With over 17 gigawatts installed worldwide, First Solar has developed, financed and engineered, constructed and operated some of the world’s largest and most successful PV power plants in existence, establishing the company as the partner of choice for customers globally.” (source: First Solar annual report 2017, p. 2).

For this assignment please put yourself in the position of a large potential customer building PV plants in the USA and Canada. Thus you are thinking of buying from a US provider like First Solar. Looking at their last annual financial report your special focus is on company stability because you are interested in long term relations.

The following tasks are part of the overall analysis. Please notice that this assignment includes only these specific tasks – you are not asked to do a detailed analysis for other aspects!

On page 10 of their report, they provide two figures (see figure 2) titled “2017 Highlights”.

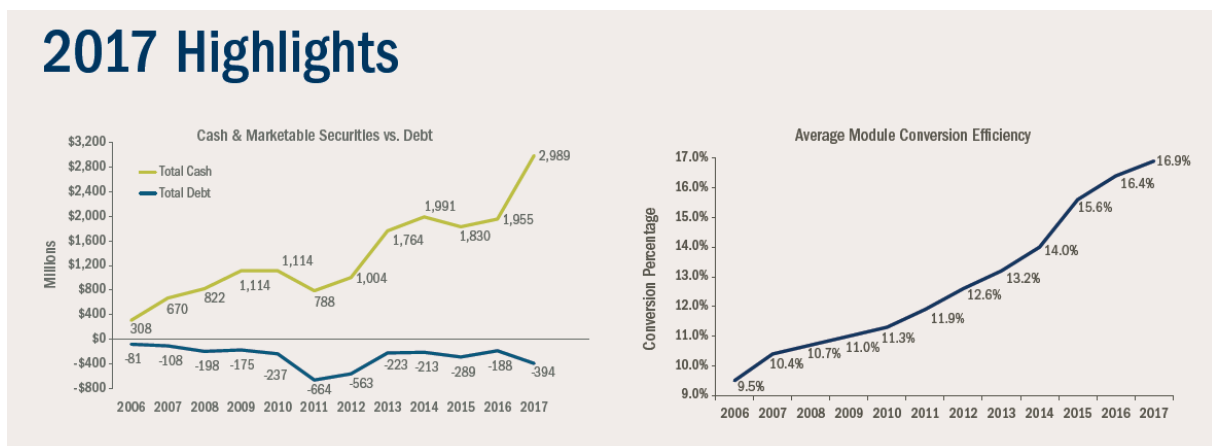


Figure 2: "2017 Highlights" - from the annual report (p. 10)

1. Please interpret the figure on the left and analyze, in which way the numbers shown are relevant for your specific stakeholder perspective!

Identify the financial statements that are the sources for the information provided in the figure on the left!

The data presented on the right is not part of a financial statement – could it be relevant for judging First Solar’s stability?

*You should be able to cope with task 1 adequately by writing **two pages**. You can get **35%** of the assignments scores from this task.*

In a short article on forbes.com (url provided in our moodle course), some journalists write briefly about First Solar’s 2017 revenues and earnings.

2. What financial statement is useful for the analysis of revenues and earnings? Please explain in which way the mentioned terms “backlog” and “bookings” are relevant for this statement! How could one calculate First Solar’s 2017 ASP using data from this statement (what additional data is needed)? What is the most important difference between data from the 2017 annual report and “outlook data” presented in the article in terms of data quality? Are revenues important for estimating the company’s stability?

*You should be able to cope with task 2 adequately by writing **two pages**. You can get **35%** of the assignments scores from this task.*

After reading in the article, that First Solar’s 2017 earnings were beating market expectations you would like to compare their earnings with a direct competitor. You choose CanadianSolar because this could be an alternative vendor for your pv-plants.

3. Please prepare a figure comparing the two companies’ earnings for the years 2013 to 2017 in absolute values (please be aware of the fact, that the two companies are located in different countries)! Identify an appropriate ratio to eliminate size-effects in the comparison and prepare a figure including both the indicator for the absolute values and the ratios! Does this comparison provide information about the stability of the two companies? Please explain your choices concerning the indicator and the ratio!

*You should be able to cope with task 3 adequately by writing **two pages**. You can get **30%** of the assignments scores from this task.*

It would be helpful if you could additionally provide your calculations in a spreadsheet file (e.g. MS Excel or Open Office file)!

Submit your assignment as pdf and spreadsheet file via moodle. See submission of assignment “Accounting” in section 02 Assignment.

You find the links to the annual reports of First Solar and Canadian Solar as well as the Forbes article in the moodle course.