

Good below is the detailed description of intel incs long term debt critical thin...

[Business](#), [Company](#)



Intel Inc

Module 1

- 1) What are the maturities on Intel's Long-term debt?
- 2) What are Intel's projected obligations on Long-Term Debt and Payments due by period?
- 3) What is the par or stated value of Intel's preference shares?
\$0.001 per share
- 4) What is the par or stated value of Intel's ordinary shares?
\$0.001 per share
- 5) What percentage of Intel's authorized ordinary shares was issued at Dec 29, 2012?
$$= (4944/10000) * 100$$
$$= 49.44\%$$
- 6) How many ordinary shares were outstanding at Dec 29, 2012, and Dec 31, 2011?

Total number of outstanding ordinary shares were 4944.

Module 2

- 1) How many options were granted and exercisable in 2011 and 2012 under the plan?
During 2011, 90 Million and during 2012, 29 Million stock options were granted.
- 2) What number of diluted weighted-average shares outstanding was used by Intel in computing earnings per share for 2011 and 2012? What were

Intel's diluted earnings per share in 2011 and 2012?

The diluted weighted average shares outstanding during 2011 and 2012 were 5411 and 5160, respectively. The diluted earnings per share during 2011 and 2012 were \$2.39 and \$2.13, respectively.

3) What other equity-based compensation plans does Intel have?

The company also have employee equity incentive plan.

4) What investments does Intel report in 2012?

During 2012, the company reported \$4424 Million of Marketable Equity Securities and \$493 worth of other long term investments.

5) How does Intel determine fair value?

The company while determining the fair value follows three level hierarchy and the fair values are recorded both on recurring and non-recurring basis.

6) How does Intel use derivative financial instruments?

The primary objective of Intel by using Derivative financial instruments is to manage the currency exchange rate risk, interest rate risk, equity market risk and commodity price risk.

Module 3

1) What amounts relative to income taxes does Intel report in its: a. 2012 income statement: \$3868 Million

b. 29 Dec 2012 balance sheet: No reference

c. 2012 statement of cash flows: Income taxes payable and receivable: \$229 Million

2) Intel's provision for income taxes in 2011 and 2012 was computed at what effective tax rates?

2011: 27.21% [(4839/17781)*100]

2012: 26.00% [(3868/14873)*100]

3) How much of Intel's 2012 total provision for income taxes was current tax expense, and how much was deferred tax expense?

The total provision for taxes made during 2012 amounted to \$3868 Million of which \$3726 Million were for current period and \$142 Million were deferred taxes.

4) What did Intel report as the significant components (the details) of its 29 December, 2012 deferred tax assets and liabilities?

i)Deferred Tax Assets: \$2117 Million

ii)Long term Deferred Tax Liabilities: \$3412 Million

Module 4

1) What kind of pension plan does Intel provide its employees?

The company provides a tax qualified defined benefit pension plan both for US and Non-US Employees.

2) What was Intel's pension expense for 2011 and 2012?

As of December 29, 2012, the accumulated benefit obligation was \$562 million for the U. S. Employees under defined benefit pension plan (\$426 million as of December 31, 2011) and \$1.1 billion for the non-U. S. defined-benefit pension plans (\$836 million as of December 31, 2011)

3) What is the impact of Intel's pension plans on its 2011 and 2012 consolidated balance sheets?

The pension plan are the off balance sheet financing for the company and will appear as a liability in the consolidated balance sheet as the employer will be responsible for paying the retirees.

4) What information does Intel provide on the target allocation of its pension assets? How do the allocations relate to the expected returns on these assets?

The company in their annual filing with SEC has declared target allocation both for US Pension Plan Assets and Non-US Plan Assets. As for US Plan Assets, the company declares that the allocation to each asset class will vary with market conditions such as volatility and liquidity concerns, and will typically be rebalanced when outside the target ranges, which are 80% to 90% for fixed-income debt instrument investments and 10% to 20% for hedge fund investments. The expected long-term rate of return for the U. S. Intel Minimum Pension Plan assets is 4. 5%.

On the other hand, Non-US Plan assets are managed by insurance companies, third-party trustees, or pension funds, consistent with regulations or market practice of the country where the assets are invested. The assets are invested in developed country equities and fixed-income debt instruments, either through index funds or direct investment and the average expected long-term rate of return for the non-U. S. plan assets is 5. 2%

Module 5

1) What types of leases are used by Intel?

Intel Inc. uses operating leases for its capital equipment

2) What amount of operating leases was reported by Intel for various years?

Module 6

1) Were there changes in accounting policies reported by Intel during the two years covered by its income statements (2011–2012)? If so, describe the nature of the change and the year of change.

Yes, during 2011 and 2012, the company declared changes in the accounting policies which are as follows:

2012

In the first quarter of 2012, the company adopted new amended standards relating to items reported in other comprehensive income. These amended standards eliminate the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity, and they require that all changes in stockholders' equity—except investments by, and distributions to, owners—be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements.

In the fourth quarter of 2012, the company adopted new standards relating to simplification of testing indefinite lived intangible assets for impairment so as to improve the consistency for impairment of long lived assets. 2011:

During 2011, the company adopted new standards relating to:

- Revenue Recognition
- Standards relating to removal of tangible products

- Standards relating to simplification of impairment of goodwill.

2) What types of estimates did Intel discuss in 2012?

Below are the estimates discussed by Intel Inc in their SEC 10K Filing:

- The valuation of non-marketable equity investments and the determination of other-than-temporary impairments, which impact gains (losses) on equity investments, net when we record impairments;

- The assessment of recoverability of long-lived assets (property, plant and equipment; goodwill; and identified intangibles), which impacts gross margin or operating expenses when we record asset impairments or accelerate their depreciation or amortization;

- The recognition and measurement of current and deferred income taxes (including the measurement of uncertain tax positions), which impact our provision for taxes; the valuation of inventory, which impacts gross margin; and

Module 7

1) Which method of computing net cash provided by operating activities does Intel use? What were the amounts of net cash provided by operating activities for the years 2011 and 2012?

Intel Inc used indirect method for the preparation of Cash Flow Statement.

Below discussed is the net operating activities for the year 2011 and 2012:

2011: \$20963 Million

2012: \$18884 Million

2) What was the most significant item in the cash flows used for investing activities section in 2012?

The most significant item in cash flow used for investing activities are purchases of trading assets amounting to \$16892 Million.

3) What was the most significant item in the cash flows used for financing activities section in 2012?

The most significant item in cash flow used for financing activities is related to repurchase of stock amounting to \$5110 Million.

4) Where is “ deferred income taxes” reported in Intel’s statement of cash flows? Why does it appear in that section of the statement of cash flows? Deferred Income Taxes are reported under operating activities and are deducted from the Net Income as deferred taxes are not cash items and thus they are adjusted so as to reconcile the net income to net cash provided by operating activities.

5) Where is depreciation reported in Intel’s statement of cash flows? Why is depreciation added to net income in the statement of cash flows? Depreciation is reported under cash flow from operating activities and is added back to the net income as depreciation is not a cash item and are thus adjusted so as to reconcile the net income to net cash provided by operating activities.

Module 8

1) What specific items does Intel discuss in its Note 2—Summary of Significant Accounting Policies? (List the headings only.)

- Fair Value Estimation
- Available for Sale Investments
- Trading Assets
- Non-marketable and other equity investments
- Other than temporary impairment
- Derivative Financial Instruments
- Securities Lending
- Loans Receivables
- Inventories
- Property, Plant and Equipment
- Goodwill
- Identifiable Intangible Assets
- Product Warranty
- Advertising
- Income Tax
- Employee Equity Incentive Plan

2) For what segments did Intel report segmented information? Which segment is the largest? Who is Intel's largest customer?

The operating segments of the company include:

- PC Client Group
- Data Centre Group

- Architecture Operating Segments
- Software and Service Operating Segments

Largest Segment:

Referring to the SEC 10 K filing of the company, PC Client Group is the largest segment with 64% share in total revenues.

Largest Customer:

As of 2012, Hewlett Packard is the largest customer and accounted for 18% of the net revenue.

Works Cited

Intel Inc. (2012). SEC 10K Filing. Intel Inc.