JUST FOR FEET, INC. CASE STUDY QUESTIONS

1. Prepare common-sized balance sheets and income statements for Just for Feet for the period 1996-1998. Also compute key liquidity, solvency, activity, and profitability ratios for 1997-1998. Given these data, comment on what you believe were the high-risk financial statement items for the 1998 Just for Feet audit.
2. Just for Feet operated large, high-volume retail stores. Identify internal control risks common to such businesses. How should these risks affect the audit planning decisions for such a client?
3. Just for feet operated in an extremely competitive industry, or sub industry. Identify inherent risk factors common to businesses facing such completive conditions. How should these risks affect the audit planning decisions for such a client?
4. Prepare a comprehensive list, in a bullet format, of the audit risk factors present for the 1998 Just for Feet audit. Identify the 5 audit risk factors that you believe were the most critical to the successful completion of that audit. Rank these risk factors from least to most important and be prepared to defend your rankings. Briefly explain whether or not you believe that the Deloitte auditors responded appropriately to the five critical audit risk factors that you identified.
5. Put yourself in the position of Thomas Shine in this case. How would you have responded when Don-Allen Ruttenberg asked you to send a false confirmation to Deloitte & Touche? Before responding, identify the parties who will be affected by your decision.

Based on Case Study1.2 Just for Feet, Inc. *Contemporary Auditing Real Issues and Cases 7th ed.*  Michael Knapp