**ACCT 102 - Leah**
**Group Project**
**Financial Statement Analysis**

The following group project is worth 50 points per person. You are to consult with each other. Most students find it easier to assign different parts of the project to different people. You should have at least one person responsible for pulling the final project together. We will devote one full class period to this project. In addition you can gather with your group during the last half hour of class time on assigned days. If you need more time than this, you need to arrange to meet outside of class with your group members.

**Based on the most recent financial reports on two companies in the same industry, perform the following:**

- Prepare a horizontal analysis of the Income Statement and Balance Sheet comparing the data from the **two most recent years**.
- Prepare a vertical analysis on the Income Statement and Balance Sheet utilizing the **two most recent years.**

**Calculate the following ratios for the two most recent years given in the report and comment on any significant results:**

- Current Ratio
- Acid-test Ratio
- Accounts Receivable Turnover
- Number of Days' sales in receivables (shortcut is ok)
- Inventory Turnover
- Number of Days' sales in inventory (shortcut is ok)
- Ratio of Net Sales to Assets (asset turnover)
- Rate earned on total assets (return on investment)
- Earnings per share (calculated for you at bottom of income statement)

- Price-earnings ratio – for the two most recent years AND utilizing current stock price.

  If any of these do not apply to your company (ie your company is a service firm and

  doesn't have inventory, write down n/a for not applicable.)

**Prepare a narrative on your company. Within the body of your narrative, include the following:**

- The nature of the operations (how they got started, what products they sell, what companies are consolidated into the financial statements, how they distribute products, and whether they experience seasonal business, etc.).

- Any significant changes that have taken place over the last few years.

- Their plans for the future.

- The "risk factors" that they face.

- How they account for inventories and depreciation on fixed assets.

- How they have grown over the past year (i.e. What business combinations have taken place) - any new items they sell.

- How has technology changed their business.

- Discuss the high and low stock prices for whatever years are available and what are they at the present time.

- An Update on any recent news related to your companies

- Comment on significant results obtained in your financial and ratio analyses. (MAKE CERTAIN YOU DO THIS WITH THE DATA THAT YOU HAVE GATHERED.)

- You can include any other data as you see fit (charts are encouraged).

Work together as a team. Have each other check grammar, spelling, and calculations. I suggest you obtain each other's email addresses and share the groups' files back and forth during class, as well as outside of class. (E-mail is a convenient way to do this.) Divide the work according to each other's strengths. That is, if someone in your group is strong in Excel, have them work on the horizontal and/or vertical analyses. Have someone else search the internet for data on your company. Someone who is strong in communication skills can use Word to write up portions of the paper and be responsible for proofreading the final project. Still another team member may be able to create a title page, and/or charts. You will all share the grade you obtain on the final project. In addition, you will be graded by each other in order to obtain the final grade on the project.

**Your final project should be typed, and should include all of the above. The title page should include the name of ALL of the members of the group.**

Due date for the completed project is November 13, 2013. No late projects will be accepted for any reason. Projects are due at the START of class (7:30 PM) on the day assigned. If the project is turned in later than 7:30 on the day that it is due, it is deemed late and will be discounted. HOLD EACH OTHER ACCOUNTABLE.