

INTERNATIONAL ACCOUNTING

(FINANCIAL STATEMENT ANALYSIS)

Project Work

Project Work: objectives and contents

Access the SEC's EDGAR database [<http://edgarscan.pwcglobal.com/servlets/edgarscan>] and retrieve current financial statements of a company selected by you. Be certain you can obtain financial statements for the most recent years (at least last 3-5 years if possible). **Alternatively**, students can also choose other companies (different from those that are present in the database), if, for example, they have an interest or a previous knowledge of a specific company or it is easier to get the needed financial statements to analyse.

Required

Based on these financial statements, the company's background, its industry statistics, and other market and company information (such as analysts' forecasts and recommendations), prepare a financial statement analysis report covering the following:

- a) Executive summary of the company and its industry.
- b) Detailed evaluation of:
 - (1) Short-term liquidity (current debt-paying ability).
 - (2) Capital structure and solvency.
 - (3) Return on invested capital
 - (4) Asset turnover (utilization).
 - (5) Operating performance and profitability
- a) Note: You are expected to use a variety of financial analysis tools in answering (b). Your analysis should yield inferences for each of these five areas.
- b) Comment on the usefulness of the financial statements of this company for your analysis.
- c) How did the accounting principles used in the financial statements affect your measures for analysis?

Rules

The following rules and suggestions must be followed in preparing the project work:

- The whole project work must be written in Microsoft Word™, (maximum 15 pages), and should be structured according to suggestions presented in class.
- Original financial statements (Balance Sheets, Income Statements, Statements of Cash Flows, Footnotes, MD&A, etc.), used to prepare the financial statement analysis report, must be enclosed to the final project and delivered to the lecturer.
- Each group must hand the project work over to the lecturer by **21st of December**.
- The project work will be developed in group. Each group must be composed of up to 5 students and should comprise both Italian and foreign students.
- The lecturer will evaluate each project work and will decide how many marks to assign to each group (**from 1 up to 5 “extra points”**), according to the quality of work, the fullness and the consistency of the analysis conducted. Each member of the group will receive the same amount of “extra points”.
- I suggest to form groups as soon as possible, in order to start to select the company to analyse and collect the needed materials (financial statements, industry information, and so on).
- Groups are highly recommended to get support and suggestions from the lecturer in developing their project. They can meet the lecturer during his office hours.