FINANCIAL STATEMENT ANALYSIS PROJECT

1. You will use two companies in the same industry and obtain their annual reports. (You may get information about these companies *only from the internet* or a *computer database* through the library) Describe the principal product or service that each company provides, its main geographic area of activity, and the ending date of its last fiscal year.

2. Find at least two articles, again using the internet, that discuss the current situation in this industry or that present information about your companies .Summarize the main points of these articles. Describe the industry and its outlook and summarize the company's future plans based on your research and on reading the annual report.

3. Look up both companies' stock price and record them each day for a week. On what stock exchange are the stocks traded? What are their ticker symbols?

4. Prepare a horizontal analysis of each company using their balance sheets for the last two years. Prepare a vertical analysis (common-sized) of each company using their income statements. Make comparisons between the two companies.

5. Prepare a comparison of the following ratios for the two companies:

1- Working capital
2- Current ratio
3- Receivable turnover
4- Average days' sales uncollected / Days' Sales in Receivables
5- Inventory turnover
6- Average day's inventory on hand / Days' Sales in Inventory
7- Profit margin
8- Asset turnover
9- Return on Assets Net Income % Avg. total assets
10- Return on Equity Net Income % Avg. total equity
11- Debt to equity
12- Price/earnings per share – (use the market price that correlates to the date of the EPS ratio on Income Stmt)

6. Examine the Statements of Cash Flows for Both Companies
1- Are cash flows from operations more or less than income for the past two years?
2- Are the companies expanding through investing activities?
3- What are the companies' most important sources of financing?
4- Overall, has cash increased or decreased over the past two years?

7. Prepare three paragraphs giving your conclusions about these two companies. Each team member will act as a different financial statement user. One team member should evaluate the companies based on the investor's point of view, one from the creditor's point of view, and one from the manager's point of view.

(The entire project should be from 6 to 10 pages in length.)

(You may use graphs or charts showing the results of your comparisons)

You may choose from the following:
Group 1 Industry - Kohl's
JcPenney

Group 2 Industry - Dillard's
Nordstorm

Proofread your project! Organization, neatness, & grammar matter. Include references.