

ACCT202 – Individual Research and Financial Statement Analysis Project

This assignment requires you to research and do financial analysis of two companies. Your research will also help you gain a better understanding of what the companies do and what advantages they have in the marketplace for doing what they do. The assignment also requires you to submit your research conclusions and recommendations 9-16 page well written professional paper, together with references you used and a separate page(s) that identifies and shows all your calculations that support the ratios you used in your analysis. Uses single spacing with 11-12 font size.

Start the project by doing the company and industry research. This phase also requires you to carefully examine the audited financial statements of each company for the most recent past 2 to 5 years. Then, based on your research, examinations and analysis of the financial statements, you will prepare your 9-16 page (or more) written report that includes at the least, your assumptions, supporting data and ratios and, a professional narrative for your assumptions, suggestions, supporting data for your findings and, clear recommendations for future actions.

Note: This project is required for most all financial accounting college classes. The project requires students to “read-ahead” and take ownership for some of their learning needed to complete this project. There is simply not enough time remaining to start this project after the class finishes all the chapters (stockholders’ equity, statement of cash flows, statement analysis, etc.) whose understanding is needed to complete this assignment. Please be reminded that in my ACCT201 and 202 classes students were regularly asked to engage in financial and statement analysis assignments.

THIS COMPLETED PROJECT IS DUE, ON OR BEFORE: March 22, 2020 before 11:00pm

Your Role: You are a first-class accountant who now works as a consultant with a big-4 accounting firm.

In Your Role: Ford Motor Company has contracted your firm to prepare a 9-16-page report that the company’s president will present to the stockholders on how their company, **Ford Motors**, compares to their target rival **Tesla Car Company**. Ford has plans to aggressively expand its position in the electric car market.

Your firm has assigned you to be the consultant that completes this contract. As the consultant for the firm, you will perform the work on behalf of the president of Ford Motor company.

The charge: Ford Motor Company is planning to increase its presence in the electric car market. As part of its strategy, the company has arranged for the company president to travel the country making presentations to small groups of average stockholders. He wants to gain their support for approving the strategic plans. He wants to make sure that he is plainly speaking and explaining the company’s strategy to the average investors. Not the sophisticated hedge fund and portfolio managers. Even still, he is acutely aware that even the small average investor needs to hear that the strategy will ultimately increase stockholder value.

What You Will Deliver: You are charged with:

Prepare for the president, a 9-16-page, single spaced, word-typed, and of course, professionally written, report.

The report should be aimed at informing the stockholders whom are not all necessarily educated in finance or accounting. Nonetheless, the president stresses the importance of these stockholders being informed voters at their annual stockholders' meetings.

The President wants you to keep the report professional, yet simple. Therefore, he insists that you include a cover page, a two-page overview that includes the backgrounds of both Ford Motor Company and Tesla company. He particularly wants you to highlight in this overview the advantages each company has in the electric car business.

Since the report will be made available to all stockholders on the company's web site, the president wants you to limit your references and important supporting calculations to no more than two pages. Within those two pages of references and supporting calculations you must insert links to your base documents that should include among other supporting documents; the 2-5 years of audited financial statements of each company you analyzed and summarized in the report.

The president is very familiar with his company's financials but values his stockholders and want's them to have some understanding of the decisions he and the company must make going forward. Therefore, he wants you to provide that third-party insight. He is requesting that the main body of the report include:

1. **Horizontal Analysis** – a comparison of financial condition and performance of both companies across the two-year timeline of statements used.
2. **Vertical Analysis** - comparison of the financial condition and performance to a base amount of each of the target companies.
3. **Ratio Analysis** – Measurement of key relation between financial statement items.

The president insists that while you, as the consultant, will ultimately decide which ratios to include in the report; the Financial Ratio Analysis section of the report must include select ratios from the following categories:

- **Liquidity and Efficiency Ratios**
- **Solvency Ratios**
- **Profitability Ratios**
- **Market Prospects**

Note: *Not all ratios are needed to support your report. In fact, using every ratio might lead to a conclusion that you do not know what you are doing. Select and use only the ratios you believe make and support your case.*

Lastly, the president informs you that in addition to the brief introduction and reference section mentioned above, he wants your financial statement analysis report to consist of at least the following six sections.

1. Executive Summary – brief analysis of results and conclusions.
2. Analysis Overview – background on the companies, the industry, challenges and, the economy.
3. Evidential Matter – Financial Statements and information used in the analysis, including ratios, trends, comparisons, and all analytical measures used.
4. Assumptions – list of assumptions about the companies' industries and economic environment, and other assumptions underlying your estimates.
5. Key Factors – list of favorable and unfavorable quantitative and qualitative factors for company performance that underly your analysis.
6. Inferences – Forecasts, estimates, interpretations, and conclusions of the analysis report.

Note: Even though the president did not have to mention to such and accomplished professional as yourself; please remember that he and his stockholders as users of your report, require relevance. Therefore, the report should include a brief table of contents that help the readers focus on those areas of the report most relevant to their decisions.

Finally, because you represent a top firm, the president automatically assumes that your report will be free of mistakes in grammar and errors of misleading facts that compromise the report's credibility.