**Summative Assessment Outline**

**Financial Reporting**

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| **Competency Name:** Financial Reporting  **Competency Statement:** Demonstrate an understanding of financial reports and their use by decision-makers.  **Summative Assessment Submission Title**: Preparing Financial Reports  **Competency Objectives:**   1. Demonstrate the ability to read and comprehend an annual report. 2. Understand the different types of audit reports (e.g., ISO, GAAP, SOX). 3. Prepare an income statement and balance sheet. 4. Demonstrate an understanding of the Statement of Cash Flows and how they are used for operating, investing, and financial decisions.   **Program Learning Outcome(s): N/A**  **Institutional Learning Outcome(s): N/A** |

**Purpose of this Assessment**

The Final Assessment for this competency is to analyze an annual report and audit reports, and to prepare financial statements for a selected company, including an Income Statement, Balance Sheet, and Statement of Cash Flows.

**Items Required for Submission**

In order to demonstrate mastery of your competency, you will submit four documents:

1. An analysis of a selected Annual Report and audit reports (one to two pages)
2. The annual report used for the analysis
3. An workbook containing three spreadsheets:
   1. An income statement and a statement of retained earnings
   2. A balance sheet
   3. A statement of cash flows
4. A reflection on the provided prompts (see below)

**Step ONE: Analysis of Annual Report**

1. Select a business from the provided list and analyze their latest annual report (either on the company website under investor relations or on finance.yahoo.com).

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| Company | Stock Symbol |
| Amazon | AMZN |
| Apple | AAPL |
| Bank of America | BAC |
| Best Buy | BBY |
| Citigroup | C |
| Continental Airlines | CAL |
| Chipotle | CMG |
| Costco Wholesale | COST |
| Chevron | CVX |
| Dell | DELL |
| eBay | EBAY |
| Edison International | EIX |
| FedEx | FDX |
| General Electric | GE |
| Google | GOOGL |
| Harley Davidson | HOG |
| Hershey | HSY |
| Intel | INTC |
| Jet Blue | JBLU |
| Johnson & Johnson | JNJ |
| KB Homes | KBH |
| Kraft Foods | KFT |
| Microsoft | MSFT |
| Pepsi | PEP |
| Proctor and Gamble | PG |
| Rubio’s | RUBO |
| Starbucks | SBUX |
| Verizon Communications | VZ |
| Wal-Mart | WMT |
| Exxon Mobil | XOM |
| Taco Bell, YUM | YUM |

1. Complete the following steps for the selected company’s Annual Report. You can use information from the footnotes to answer these questions but make sure to reference from where the information came.

* Look at the Balance Sheet for the last two years. What caused the changes in the Balance Sheet from last year to this year? Use account names and numbers for both years to explain your answer.
* Look at the Income Statement (sometimes called Statements of Operations) for the last two years. What caused the changes in the Income Statement from last year to this year? Use account names and numbers for both years to explain your answer.
* What type of audit opinion did the external auditors give? What accounting standards did they use? Where are each of these components found?

Put together a one-page or two-page response to answer the questions above, and include the Annual report used with your submission as an attachment.

**Step TWO: Create the Financial Statements**

Use the adjusted trial balance examples and templates provided to create an Income Statement, Statement of Retained Earnings, Balance Sheet, and Statement of Cash Flows .

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**Step THREE: Reflection**

Analyze the statements you have created and use them to answer the following questions:

1. Is Wells Mobile Apps paying too much out in dividends? Why or why not? Explain your reasoning.
2. For Scenic Industries, there was an increase in cash from the first year to the next. What was the single biggest event that caused this? Explain your reasoning.

Your reasoning should reference the numbers and accounts. Use no less than 30 and no more than 200 words for each of the questions above. Use the template attached.





**Step FOUR: Complete Checklist for Submission**

Before you submit, check to see if you believe you have met the criteria noted below.

Did you….

* Provide a comprehensive and accurate analysis of a firm’s annual report, addressing all questions posed, including a discussion of the income statement, balance sheet, audit report, and use of accounting standards?
* Did you accurately account names and numbers to meaningfully support your explanations and reasoning?
* Correctly place account titles and correctly place and calculate all numbers in the income statement?
* Correctly place account titles and correctly place and calculate all numbers in the balance sheet?
* Correctly place account titles and correctly place and calculate all numbers in the statement of cash flows?
* Clearly and completely address all the questions posed in the Reflection and use the financial statements you created to meaningfully and accurately support your reasoning?

**Step FIVE: Submit Your Work**

**Scoring Rubric for Summative Assessment:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Criterion*** | **EMERGING (1)** | **DEVELOPING (2)** | **PROFICIENT (3)** | **EXEMPLARY (4)** |
| Analysis of Annual Report | Provides a limited analysis of a firm’s annual report, addressing some questions posed, including a discussion of the income statement, balance sheet, audit report, and use of accounting standards.  Most entries use inaccurate account names, and numbers are used to poorly support explanations and reasoning. | Provides a partially accurate analysis of a firm’s annual report, addressing all questions posed, including a discussion of the income statement, balance sheet, audit report, and use of accounting standards.  Some entries use accurate account names, and numbers are used to partially support explanations and reasoning. | Provides an accurate analysis of a firm’s annual report, addressing all questions posed, including a discussion of the income statement, balance sheet, audit report, and use of accounting standards.  Most entries use accurate account names, and numbers are used to meaningfully support explanations and reasoning. | Provides a comprehensive and accurate analysis of a firm’s annual report, addressing all questions posed, including a discussion of the income statement, balance sheet, audit report, and use of accounting standards.  All entries use accurate account names, and numbers are used to meaningfully support explanations and reasoning. |
| Income Statement | Few account titles and numbers in the income statement are correctly placed and calculated. | Some account titles and numbers in the income statement are correctly placed and calculated. | Most account titles and numbers in the income statement are correctly placed and calculated. | All account titles and numbers in the income statement are correctly placed and calculated. |
| Balance Sheet | Few account titles and numbers in the balance sheet are correctly placed and calculated. | Some account titles and numbers in the balance sheet are correctly placed and calculated. | Most account titles and numbers in the balance sheet are correctly placed and calculated. | All account titles and numbers in the balance sheet are correctly placed and calculated. |
| Statement of Cash  Flows | Few account titles and numbers in the statement of cash flows are correctly placed and calculated. | Some account titles and numbers in the statement of cash flows are correctly placed and calculated. | Most account titles and numbers in the statement of cash flows are correctly placed and calculated. | All account titles and numbers in the statement of cash flows are correctly placed and calculated. |
| Reflection | The reflection poorly addresses the questions posed and does not use the financial statements created to accurately support the student’s reasoning. | The reflection partially addresses the questions posed and uses the financial statements created to support the student’s reasoning. | The reflection adequately addresses the questions posed and uses the financial statements created to accurately support the student’s reasoning. | The reflection clearly and completely addresses the questions posed and uses the financial statements created to meaningfully and accurately support the student’s reasoning. |