

Accounting II

LAP 12 – Analyzing and Interpreting Financial Statements



Name _____

Period _____

Date Started _____

Date Completed _____

DoDEA Standards

- ◆ **PT1b** Use accounting procedures for planning, organizing, and allocating resources
- ◆ **PT1f** Be proficient in the use of technology
- ◆ **PT1h** Apply trouble shooting techniques and processes
- ◆ **PT2b** Employ technology in the development of strategies for solving problems in the real world
- ◆ **PT3d** Use technology tools and resources for managing and communicating personal/professional information, e.g., finances, schedules, addresses, purchases, and correspondence
- ◆ **PT4** Use information-gathering techniques, analyze and evaluate information, and use information technology to assist in collecting, analyzing, organizing, and presenting information

Objectives

- ◆ Prepare a comparative income statement for horizontal analysis.
- ◆ Prepare a comparative income statement and balance sheet for vertical analysis.
- ◆ Calculate commonly used ratios.
- ◆ Use ratios to analyze the performance of a business.
- ◆ Define the accounting terms introduced in this chapter.

Resources Accounting-Real World Applications & Connections – Advanced Course
 Chapter Reviews and Working Papers (Accounting Workbook)
 CD ROM – Electronic Learning Center Student Package

Time Frame 7 hours

Introduction

In chapter 12 you will learn how to use three different techniques to analyze the information contained in financial statements.

Assignments

Where appropriate and possible, written answers must be in complete sentences and keyed. Turn in completed activities as directed by instructor. Problems marked with an asterisk (*) can be completed in three different ways: manually, Peachtree for Windows (CD ROM), or Glencoe Integrated Accounting. Ask your instructor for directions. If you are going to complete the problems electronically, you must read the pages titled Computerized Accounting Using Peachtree in every chapter of the Working Papers.

- _____ Read Understanding Business Information and Analyzing and Interpreting Financial Statements, pp. 364-367
- _____ Read Section 1, Horizontal Analysis pp. 368-370
- _____ Complete the following exercises on p. 371 Thinking Critically, Analyzing Accounting and Problem 12-1 using appropriate working papers
- _____ Read Section 2, Vertical Analysis, pp. 372-373

- _____ Complete the following exercises on p. 374: Thinking Critically, Communicating Accounting and Problems 12-2 and 12-3 using appropriate working papers
- _____ Read Section 3, Working Capital and Ratio Analysis, pp. 375-381
- _____ Complete the following exercises on p. 382: Thinking Critically, Computing in the Business World and Problems 12-4 and 12-5 using appropriate working papers
- _____ Review the Chapter 12 Summary on p. 383
- _____ Complete Understanding Accounting Concepts and Procedures on p. 384
- _____ Complete Chapter 12 Review and Activities on p. 385 (see instructor)
- _____ Read Chapter 12 Computerized Accounting, p. 386
- _____ Complete MANUALLY End-of-Chapter problems on pp. 388-389, Problems 12-8, 12-9, 12-10, 12-11 and 12-12, using appropriate working papers **OR**:
- * _____ Read and complete ELECTRONICALLY in The Chapter Reviews and Working Papers p. 387 Problems 12-8 and 12-9
- * _____ Complete Spreadsheet Problems 12-6 and 12-7 on p. 387 using appropriate working papers
- _____ Complete Chapter 12 Review on pp. 382-383 of the Working Papers
- _____ Complete Self-Test on pp. 401-402 of the Working Papers

- _____ **Take Chapter 12 Test**

Self Assessment - "I/I can . . . "

- _____ Prepare a comparative income statement for horizontal analysis.
- _____ Prepare a comparative income statement and balance sheet for vertical analysis.
- _____ Calculate commonly used ratios.
- _____ Use ratios to analyze the performance of a business.
- _____ Define the accounting terms introduced in this chapter.