Overview The final project for this course is the creation of an accounting portfolio. The project is divided into three milestones, which will be submitted at various points throughout the course to scaffold learning and ensure quality final submissions. These milestones will be submitted in Modules Three, Five, and Seven. The final product will be submitted in Module Nine. According to the AICPA (American Institute of Certified Public Accountants), a CPA in today’s environment must not only have a high level of technical competence and a sense of commitment to service, but must also have good communications and analytical skills and the ability to work well with people. Employers are looking for individuals who have the ability to analyze and evaluate complex business problems combined with the interpersonal skills and maturity to make decisions in a client and customer service environment. By adopting a real-life company in this course, you will apply the technical competence and other skills required by today’s CPA. Through case study analysis, you will develop skills such as communication, presentation, and interpersonal relations, in conjunction with technical accounting knowledge. In ACC 610, Financial Reporting I, your focus will be on developing skills in critical thinking and applying accounting theories and practices in accordance with Generally Accepted Accounting Principles (GAAP). You will analyze situations in your case studies and communicate results to decision makers with an emphasis on assets and liabilities, measurement, and reporting. In this assignment, you will demonstrate your mastery of the following course outcomes: • Analyze the conceptual framework, standards, standard setting, and presentation of financial statements for ensuring compliance with Generally Accepted Accounting Principles • Differentiate between the Generally Accepted Accounting Principles and the International Financial Reporting Standards for their impact on financial statements • Analyze results of consolidated financial statements for informing internal and external users of financial statements • Analyze financial statement accounts using assertions related to the recognition, measurement, valuation, calculation, presentation, and disclosure of financial information for their accuracy and reliability • Determine appropriate accounting treatments of business transactions, including adjusting entries, for their impact on the results of financial statements Prompt This course, ACC 610, is the first course in a Financial Reporting Series that includes ACC 610 and ACC 620. Throughout this series, you will apply the concepts you are learning using the financial data and business scenarios of a prominent retail company to develop a portfolio. You may choose from Walmart, Kroger, Amazon, Costco, The Home Depot, CVS Health Corporation and Target. It is recommended you use the same company for both courses in the series. The portfolio deliverables for this course include a financial analysis paper, spreadsheets to address the questions posed in the paper, memorandums illustrating company communication, and a financial report. Specifically, the following critical elements must be addressed: I. Conceptual Framework: For this part of the assessment, you will prepare a financial analysis paper addressing various topics about your chosen company, supporting your answers and claims with quantitative data where applicable. You will need to research your chosen company and obtain its latest audited financial statements (information that is available to the public online) in order to answer the following: A. Explain how the conceptual framework and accounting standards apply to your company. B. Analyze the information within the disclosure statements for information that would interest the creditors of your company. What information would be important for someone in this role? Why is this information important to them? C. Analyze the information within the disclosure statements for information that would interest the investors of your company. What information would be important for someone in this role? Why is this information important to them? II. Analysis of Financial Statements: For this part of the assessment, you will continue your financial analysis paper. You will need to research your chosen company and obtain the last few years (at least two) of financial statements (information that is available to the public online) in order to answer the following questions: A. Based on the information you have gathered, explain the changes in financial ratios. Has anything changed in the few years of financial statements that you have obtained? What are the reasons for these changes? B. Based on the information you have gathered, analyze the changes in the financial reports regarding cash. Be sure to examine the statement of cash flows. What are the reasons for these changes? C. Based on the information you have gathered, analyze the changes in the financial reports regarding the accounts receivable account balance. What are the reasons for these changes? D. Describe the type of inventory valuation method that your company uses and explain why it uses this method. What are the benefits of this method? E. Based on industry trends, future plans of your company, and the information you have gathered, predict how your company will perform in the following year compared to competitors.  III. GAAP vs. IFRS: For this part of the assessment, you will continue your financial analysis paper. A. Explain the steps that would be needed for your company to transition from GAAP to IFRS. For example, what would this transition entail? What would your chosen company need to do? B. Explain how a financial statement would differ under IFRS as opposed to GAAP. 1. How is a financial statement under IFRS different from GAAP? How is it the same? 2. What would the statements for your chosen company look like? IV. Adjusting Entries: For this part of the assessment, you will continue your financial analysis paper. A. Explain the type of depreciation method your company uses and why it uses this method. B. Identify an example of an adjusting entry (other than depreciation) such as prepaid expenses, supplies, or unearned revenue and whether or not your company has this account listed on the balance sheet. You could consider why this might not be listed. V. Financial Analysis: For this part of the assessment, you will prepare spreadsheets and analysis to be included in your financial analysis paper. A. Prepare an Excel spreadsheet to compare financial ratios for your company to the industry averages. B. Compose a summation as to how your company is performing in relation to its competitors. Be sure to base your answer on the spreadsheet you previously prepared. VI. Communication: For this part of the assessment, you will prepare memorandums to upper management addressing certain scenarios or situations. A. As the controller of your chosen company, compose a memo to the CEO addressing the advantages and disadvantages of transitioning from GAAP to IFRS. B. As the controller of your chosen company, compose a memo to the CEO addressing the following scenario: Your largest customer has just gone bankrupt, and you must inform the CEO how this will affect your accounts receivable. Assume that the accounts receivable balance is at least $100,000. VII. Financial Report: For this part of the assessment, you will prepare a financial report in response to a hypothetical scenario: A major global disaster (in this case an oil spill) has caused environmental damage and has affected global transportation as well. As the controller of your chosen company, you are tasked with providing a financial report to the board of directors addressing how this event will affect your company. A. Analyze the effects of the global disaster on the financial statements of your chosen company using the financial information from your company. B. Recommend strategies to address the effects of the disaster on your chosen company based on your analysis.