

## Capstone Discussion Question

### Due Tuesday, Day 2

- What have you learned in this course about the process of analyzing financial statements?

I have learned that there is a lot more to analyzing financial statements than I thought. This class has made me question my decision to go into the accounting field. I feel inadequate after taking this class. I am not an articulate, or analytical person. I tend to get confused easily and do better at putting the information together than I am at figuring out what it all means. This is my last block of classes before my Bachelor program starts, and I don't know if I am ready, or if I even want to continue. Analyzing financial statements takes a very detail oriented mind, and one that is great at problem solving. It is critical to understand the financial statements, and how they relate to one another. There is a lot of information that is not as obvious as it would seem. Looking at the bottom line will not give a good picture of how a company is doing financially. It is important to know the how and why the bottom line looks the way that it does.

#### Response 2

I have learned that it takes someone that has the patience, tenacity, and motivation to truly analyze the statements. If you go about it not wanting to do the work you won't give a good analysis. I found that you have to be willing to dig deeper than most would to get a full picture of the company. I found that it is not an easy task to complete. For me the process is a tedious one. I don't think I would want to go into that type of accounting where I have to analyze the statements of a company. I think for me I would be better in specialized accounting like A/P or A/R. I am better at figuring out problems and figuring out ways to make them better. I am better at specific tasks so for me I wouldn't want to analyze the statements. I am glad to have learned how, because at some point I am sure it will come in handy.

#### Response 3

All financial statements are essential documents because they tell what has happened to a business over a period of time but most users of financial statement

are more concerned about what will happen in the future. Stockholders and creditors are concerned with future earnings and dividends and company's future ability to repay its debts. Management is concerned with the company's ability to finance future expansion.

Working as a bookkeeper I do all the steps in monthly cycles consisting of entering transactions into the journals, working with A/R, A/P, payroll and preparing the reports, but I have not been able to analyze the reports the way I learned in this class. I learned how important is to monitor and interpret the results. I learned how to compare financial statements of a company with a company from the same industry and point out the differences and similarities. This class taught me the importance of analyzing the Income Statement, Balance Sheet, Cash Flow Statement and Stockholder's Equity each one individually. I learned how essential is the quality reporting and how useful this quality is in business decision making. I learned about key financial ratios: liquidity ratios, activity ratios, leverage ratios, and profitability ratios. All these ratios are valuable as analytical tools and will help me indicate the areas of strength and weakness in a business. Even though I learned the information step by step in this class I tent to go over every single chapter all over again to better absorb the material. This class taught us the potential of some management manipulations of financial statements, thus following the general accounting rules, being honest, ethical and professional are the ways on leading to safe and profitable decisions.