

Chapter 18 Group Projects Solutions

Project 1

Select an industry in which you are interested, and use the leading company in that industry as the benchmark. Then select two other companies in the same industry. For each category of ratios in the *Decision Guidelines* feature at the end of Chapter 18 of the text, compute at least two ratios for all three companies. Write a two-page report that compares the two companies with the benchmark company.

The student responses will vary depending on the companies they select.

Project 2

Select a company and obtain its financial statements. Convert the income statement and the balance sheet to common size, and compare the company you selected to the industry average. Robert Morris Associates' *Annual Statement Studies* and Dun & Bradstreet's *Industry Norms & Key Business Ratios* publish common-size statements for most industries.

The student responses will vary depending on the companies they select.