# FIN515 Managerial Finance

# First Course Project

The purpose of this project is to help you develop skills not only in performing the calculations behind financial analysis but in interpreting the numbers as well.

You are to pick a company. You should pick one either from the industry in which you are currently working or an industry in which you are interested. You could also pick a division of a company. It is imperative that sufficient data about your company are available and that you use the data. One way to be sure is to pick a publicly held company. If you pick a privately held company or a division of a company, make sure that the data necessary to do a significant financial analysis are available.

If you use data that are not publicly available, be sure to talk to your manager and to make absolutely sure that revealing that data is not a problem.

You will also need to find a standard against which to compare your findings. This could be a different company in the same industry or the same company at a different time. Additionally, average or benchmark numbers are available for several industries. If you decide to use a different company in the same industry or the same company at a different time, make sure that there are enough differences between the two to make a meaningful analysis.

After you have selected a company, put yourself in the place of an analyst who has been asked to perform an analysis of the company and to provide a recommendation to management.

Use ratio analysis, common size analysis, or other techniques to determine areas in which the company is doing well and areas that management should look at. Then, present your analysis and recommendations in the form of a paper.

A good place to start would be to perform a complete DuPont analysis of the company, and compare it to the standard. The DuPont analysis might provide guidance as to what particular areas of the company should be examined next and what ratios should be calculated. If the DuPont analysis does not reveal anything useful, you might wish to calculate several of the ratios that are available to you.

# Deliverable

The completed paper should be about 1,000 words. In the paper, you do not have to explain the ratios in depth. You may assume that the reader has a basic understanding of finance and knows what ratio analysis is, although he or she might not be able to list all the ratios and how to calculate them from memory. The reader is not going to want a lot of background about financial analysis. He or she really wants information that he or she can apply to the given situation, which is the company that you have selected.

If you like, you can write the paper in the form of a memo to management. You do not have to cite your source for how to calculate the ratios. You *do* need to provide a reference to where you got that data for your subject company and for the other company or standard to which you compared your company.

* The spirit of this assignment is for you to calculate and interpret results. The purpose is not for you to find calculations and interpretations that have been done by someone else.
* The paper is expected to conform to the standards for graduate school writing.
* The purpose of your analysis is internal evaluation. Refrain from using stock market valuation ratios.

When you have completed the project, place it in one Word document, and place that document in the appropriate Dropbox.

**Rubric: First Project**

**FIN515**

**Possible**

**Points**

0-3

4-7

8-11

12-15

No referent

provided.

Insufficient or

incorrect ratios

used.

Some ratios

questionable.

Inappropriate

referent selected.

Ratios mostly

appropriate.

Appropriate

referent

selected.

Ratios and

referent

appropriate.

0-2

3-4

5-7

8-10

Calculations not

provided or are

generally incorrect.

Not all calculations

Provided, or some

calculations are

incorrect.

Calculations are

nearly but not

totally provided

or correct.

Calculations

are provided

and are

correct.

0-3

4-7

8-11

12-15

No evaluation, or

evaluation not

based on findings

Minimal or incorrect

Evaluation, or

evaluation not

original.

Evaluation

generally correct.

May be not

completely

supported by

findings or

insufficient in

quantity.

Evaluation

fully

supported by

findings.

0-2

3-4

5-7

8-10

Significant

problems with

writing or format.

Minor problems with

writing or format.

Writing and

format generally

correct with a few

exceptions.

Virtually no

errors in

writing or

format.

**Form**

10

**Ratios selected**

15

**Calculations**

10

**Evaluation**

15

**Criteria and Point Range**