



JWI 530: Financial Management I

Assignment 1

Assignment 1: Annual Report Analysis

Due Sunday, Midnight of Week 5 (30% of Final Grade)

Overview

A critical financial accounting skill is the ability to read, analyze, and make actionable decisions from any financial statement. Business leaders gain valuable information from the annual reports of direct competitors, companies that operate in similar fields, and companies in which they are considering an investment or partnership.

Instructions

You are the CFO of a leading investment bank searching for a secure digital workplace platform for communications among employees. Your CEO has narrowed the field down to two infrastructure firms and is requesting your analysis and guidance. She has asked you to do a financial review of recent results from **Citrix Systems, Inc.** (NASDAQ: CTXS) and **Blackberry, Ltd.** (NYSE: BB). You have decided to organize your work into TWO components:

Part A: Financial Analysis Snapshot of key data from the annual reports

Part B: Executive Memo and brief Video Presentation of your analysis

Part A: Financial Analysis Snapshot

- All work is to be completed and submitted in the attached Excel template.
- Go to the Investor Relations section of each company's website and download their annual reports. You may need to download more than one report to get all required historical data.
- Use the Annual Reports/10K to populate the Excel template.
 - Some entries simply require finding the respective line item amounts, while others will require calculations (these are indicated in in template).
 - Note that some historical data and ratios have already been provided in the template.

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Part B: Executive Memo and Video Presentation

Present a synopsis of your analysis in an executive memo you would feel comfortable turning in to your CEO or to Jack. You may organize the memo as you see fit, but it must follow the principles of good business communication. To support your executive memo, record a brief video presentation highlighting the key points of your findings.

For your executive memo, answer the following questions:

1. Profitability/Net Income Margins

- What are the after-tax net income margins (i.e., net profit margins) for both companies?
- How do they compare?
- Who achieves the higher net income margin? Why?

Tip: Analyze the major cost structure line items in the income statement (COGS, SG&A, interest, other, and taxes) as percentages of net sales, so you can identify reasons for better net income margins. Identify and comment on the differences. You may not know why a particular cost item like COGS is higher or lower, and that's okay. Your CEO only wants to know which cost-structure items are higher or lower for each company.

2. Accounts Receivable Management

- Who does a better job managing their Accounts Receivable?
- What are their respective 3-year trends for Accounts Receivable Turnover?
- What options could the company consider to improve Accounts Receivable Turnover?

3. Cash Is King

- How much net cash from operations did each company generate last year?
- Which company has done a better job generating cash from operations?
- In layman's terms, how is each company spending their cash with respect to reinvestments in the business, changes in debt, and returning money to shareholders?

4. Liquidity

- How do the companies compare in terms of the current ratio, and what are their respective 3-year trends?
- Do their current ratios indicate that either of these companies could go bankrupt soon? Explain.



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For your video presentation, complete the following tasks:

1. Create a PowerPoint deck in support of your financial presentation
 - Highlight your key findings from your Executive Memo and Financial Analysis Snapshot. Focus on the most important insights that would be helpful for the leadership team.
 - Your PowerPoint should be complementary to your Executive Memo and your Financial Analysis Snapshot.
 - i. Assume your CEO will have access to the documents, so just hit the high points.
 - ii. Keep your slides legible. Avoid small fonts, too much text, or distracting graphics.
 - iii. Keep it brief, using a maximum of 5 slides.
2. Record your financial presentation using ZOOM
 - Record both the PowerPoint deck and your webcam feed simultaneously.
 - Practice your presentation. You may record as many times as you wish prior to submitting.
 - Maintain eye contact, speak conversationally and professionally, use an engaging tone, and dress appropriately.
 - Your video must be no longer than 5 minutes.

Submission Requirements

- Your executive memo should be no more than 2 pages, single-spaced, using 10- or 12-point font. You may also include an appendix with additional references, graphs, charts, and tables for additional support if needed.
- Your video recording should not exceed 5 minutes in length.
- Your PowerPoint deck must not exceed 5 slides (not including cover page or references, if desired).
- Video instructions and samples can be viewed at: <https://www.kaltura.com/tiny/qpz1z>.



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30% of Course Grade	Assignment 1, Parts A and B				
CRITERIA	Unsatisfactory	Low Pass	Pass	High Pass	Honors
1. Accurately complete the Data and Analysis Template. Weight: 25%	Did not submit or had greater than 30% errors.	Submission had 30% or fewer errors.	Submission had 20% or fewer errors.	Submission had 10% or fewer errors.	Submission had virtually no errors.
2. Discuss the profit structure of both organizations' net income margins. Weight: 15%	Did not submit, or incorrectly identified and assessed the profit structures of both organizations.	Partially identified and assessed the profit structure of at least one organization.	Satisfactorily identified and assessed the profit structures of both organizations; contained minor omissions.	Excellent analysis of the profit structures of both organizations; no critical omissions.	Met HP criteria, plus included additional insights and analyses demonstrating additional research and knowledge.
3. Assess each company's Accounts Receivable management. Weight: 15%	Did not submit, or incorrectly assessed both companies' Accounts Receivable management methods and results.	Partially assessed at least one company's Accounts Receivable management methods and results.	Satisfactorily assessed both companies' Accounts Receivable management methods and results; contained minor omissions.	Excellent assessment of both companies' Accounts Receivable management methods and results; no critical omissions.	Met HP criteria, plus included additional insights and analyses demonstrating additional research and knowledge.
4. Identify and assess each company's cash flow situation and decisions. Weight: 15%	Did not submit, or incorrectly identified and assessed both companies' cash flow situation and decisions.	Partially identified and assessed at least one company's cash flow situation and decisions.	Satisfactorily identified and assessed both companies' cash flow situation and decisions; contained minor omissions.	Excellent identification and assessment of both companies' cash flow situations and decisions; no critical omissions.	Met HP criteria, plus included additional insights and analyses demonstrating additional research and knowledge.
5. Identify and assess each company's liquidity status. Weight: 15%	Did not submit, or incorrectly identified and assessed both companies' liquidity statuses.	Partially identified and assessed at least one company's liquidity status.	Satisfactorily identified and assessed both companies' liquidity statuses; contained minor omissions.	Excellent identification and assessment of both companies' liquidity statuses; no critical omissions.	Met HP criteria, plus included additional insights and analyses demonstrating additional research and knowledge.

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<p>6. Demonstrate professional communication and executive presence.</p> <p>Weight: 15%</p>	<p>Did not submit, or submission was poorly written; PPT deck was missing or was not integrated into presentation; delivery was unfocused or off-topic.</p>	<p>Delivery and communication met minimum requirements but lacked executive presence; PPT deck and written work met basic submission requirements; presentation was on-topic, but poorly organized and/or made minimal connections to key topics.</p>	<p>Delivery and communication were good; made eye contact; voice was dynamic; presenter used appropriate verbal cues, and wore professional attire; PPT deck, written work and presentation material met all submission requirements for content and length.</p>	<p>Delivery and communication were excellent; written materials, timing, and content were well organized and clear; made excellent choices of where to focus time and energy to cover the most critical elements.</p>	<p>Met all HP criteria, plus infused the delivery with a style and energy that exemplified executive presence; demonstrated exceptionally strong and engaging interaction with support materials without allowing them to distract from the presentation.</p>
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