Course Project: A Financial Statement Analysis

A Comparative Analysis of Nike, Inc. and Under Armour, Inc.

Below is the link for the financial statements for Nike, Inc. for the fiscal year ending 2014. First, select 2014 using the drop-down arrow labeled Year, and then select Annual Filings using the drop-down arrow labeled All.

You should select the 10k dated 7/15/2014, and choose to download in PDF, Word, or Excel format.

<http://investors.nike.com/investors/news-events-and-reports/?toggle=filings>

Below is the link for the financial statements for Under Armour, Inc. for the fiscal year ending 2014.

First, select Annual using the drop-down arrow labeled View, and then select 2015 using the drop-down arrow labeled Year.

You should select the 10k dated 2/20/2015, and choose to download it in PDF or Excel format.

<http://www.uabiz.com/sec.cfm>

A sample project template is available for download from the Course Resources page’s Course-Specific Resources section. The sample project compares the ratio performance of Tootsie Roll and Hershey using the 2014 financial statements of Tootsie Roll and Hershey provided at their websites.

|  |  |
| --- | --- |
|  |  |
| **Description** |  |
|  |  |

This course contains a Course Project, where you will be required to submit one draft of the project at the end of Week 5, and the final completed project at the end of Week 7. Using the financial statements for Nike, Inc. and Under Armour, Inc.,respectively, you will calculate and compare the financial ratios listed further down this document for the fiscal year ending 2014, and prepare your comments about the two companies’ performances based on your ratio calculations. The entire project will be graded by the instructor at the end of the final submission in Week 7, and one grade will be assigned for the entire project.

|  |  |
| --- | --- |
|  |  |
| **Overall Requirements** |  |
|  |  |

**For the Final Submission:**

Your final Excel workbook submission should contain the following. You cannot use any other software but Excel to complete this project.

1. A Completed Worksheet Title Page tab, which is really a cover sheet with your name, the course, the date, your instructor’s name, and the title for the project.
2. A Completed Worksheet Profiles tab which contains a one-paragraph description regarding each company with information about their history, what products they sell, where they are located, and so forth.
3. All 16 ratios for each company with the supporting calculations and commentary on your Worksheet Ratio tab. Supporting calculations must be shown either as a formula or as text typed into a different cell. The ratios are listed further down this document. Your comments for each ratio should include more than just a definition of the ratio. You should focus on interpreting each ratio number for each company and support your comments with the numbers found in the ratios. You need to specifically state which company performed better for each ratio.
4. The Summary and Conclusions Worksheet tab is an overall comparison of how each company compares in terms of the major category of ratios described in Chapter 13 of your textbook. A nice way to conclude is to state which company you think is the better investment and why.
5. The Bibliography Worksheet tab must contain at least your textbook as a reference. Any other information that you use to profile the companies should also be cited as a reference.

**Required Ratios for Final Project Submission**

1. Earnings per Share of Common Stock
2. Current Ratio
3. Gross (Profit) Margin Percentage
4. Rate of Return (Net Profit Margin) on Sales
5. Inventory Turnover
6. Days’ Inventory Outstanding (DIO)
7. Accounts Receivable Turnover
8. Days’ Sales Outstanding (DSO)
9. Asset Turnover
10. Rate of Return on Total Assets (ROA)
11. Debt Ratio
12. Times-Interest-Earned Ratio
13. Dividend Yield **[For the purposes of this ratio, use Yahoo Finance to look up current dividend per share and stock price; just note the date that you looked up this information.]**
14. Rate of Return on Common Stockholders’ Equity (ROE)
15. Free cash flow
16. Price-Earnings Ratio (Multiple) [**For the purpose of this ratio, for Nike, use the market price per share on May 30, 2014, and for Under Armour, use the market price per share on December 31, 2014**.]

**The Excel files uploaded in the Dropboxes should not include any unnecessary numbers or information (such as previous years' ratios, ratios that were not specifically asked for in the project, etc.).**

Please upload your final submission to the Week 7 Dropbox by the Sunday ending Week 7.

**For the Draft:**

Create an Excel spreadsheet or use the project template to show your computations for the first 10 ratios listed above. The more you can complete regarding the other requirements, the closer you will be to completion when Week 7 arrives. Supporting calculations must be shown either as a formula or as text typed into a different cell. If you plan on creating your own spreadsheet, please follow the format provided in the Tootsie Roll and Hershey template file.

Please upload your draft submission to the Week 5 Dropbox by the Sunday at the end of Week 5.

**Other Helpful Information:**

If you feel uncomfortable with Excel, you can find many helpful tutorials on Excel by performing a Google search.

Chapter 13 contains ratio calculations and comparison comments related to Apple and Dell, so you will likely find this information helpful.

BigCharts.com provides historical stock quotes.

Either APA or MLA style can be used to complete the references on your Bibliography tab. There is a tutorial for APA and MLA style within the Plagiarism link, which can be accessed through the Syllabus.

|  |  |
| --- | --- |
|  |  |
| **Grade Information** |  |
|  |  |

**The entire project will be graded by the instructor at the end of the final submission in Week 7, and one grade will be assigned for the entire project.** The project will count for 15% of your overall course grade.

|  |  |  |  |
| --- | --- | --- | --- |
| **Category** | **Points** | **%** | **Description** |
| **Documentation and Formatting** | 9 | 6% | The report will be submitted in the form of an Excel Workbook, with each page (worksheet) of the workbook named appropriately. **Please do not use any other software (such as MS Works or Lotus) to complete the project.** A quality report will include a Title Worksheet tab, a Worksheet tab for the profile of the two companies, a Worksheet tab for the ratio calculations and comments, a Worksheet tab for the summary and conclusion, proper citations if applicable, and a Bibliography Worksheet tab for the references. |
| **Organization and Cohesiveness** | 6 | 4% | A quality report will include the content described above in the documentation and formatting section. The ratios should be listed in the same order in which they appear in the project information above. |
| **Editing** | 15 | 10% | A quality report will be free of any spelling, punctuation, or grammatical errors. Sentences and paragraphs will be clear, concise, and factually correct. **Ratios will be expressed as numbers or percentages, depending on what is appropriate, as is shown in the textbook.** Note that not all ratios are shown as percentages. You should be consistent with the number of decimal places used in the Course Project template. |
| **Content** | 120 | 80% | A quality report will have correct ratio calculations and accurate supporting commentary. Any assumptions, if made, should be spelled out clearly. Supporting calculations must be shown, either as a formula, or as text typed into a different cell. |
| **Total** | **150** | **100%** | A quality report will meet or exceed all of the above requirements. |

|  |  |
| --- | --- |
|  |  |
|  |  |