



## *JWI 530: Financial Management I*

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### Assignment 1: Annual Report

#### **Assignment 1 – Due: Sunday, Midnight of Week 5 (22.5% of Final Grade)**

##### Overview

A critical financial-accounting skill is the ability to read, analyze, and make actionable determinations from any financial statement. Business leaders gain valuable information from the analysis of their direct competitors as well as organizations that operate in similar fields.

##### Instructions

You are the CFO of an up-and-coming athletic company, which desires to someday become the #1 athletic company in the world. Strategically, the company uses Nike and Under Armour as their key competitor benchmarks. Your CEO is a big believer in learning from the competition and is requesting two things from you regarding Nike and Under Armour's most recent annual reports: An Executive Summary and a brief Video Presentation of your findings.

NOTE: In order to complete this assignment, you will need to obtain each company's MOST RECENT annual report. You should refer back to the "Finding Annual Reports on the Internet" video in Week #2 for guidance. Also, be sure to watch the two supporting videos to see a "message from your CEO" in the Assignment section of Week 5 in the Blackboard shell.

##### Submission Requirements

#### **Part One: Executive Summary**

Create an executive summary you would feel comfortable turning in to your CEO or to Jack that is no more than 2 pages, single-spaced using 12-point Times New Roman font. You may also include an appendix with additional references, graphs, charts, and tables for additional support if needed.

1. Competitor Strategies
  - Identify and explain one key strategy from each company that the company explicitly discussed in the annual report.
2. Net Income Margins
  - What are the after-tax net income margins (aka, net profit margin) for both companies?
  - How do they compare?
  - Who achieves the higher net income margin? Why?

*Tip: Analyze the major cost structure line item in the income statement (COGS, SG&A, interest, other, and taxes) as a percentage of net sales to 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, but your CEO only wants to know which cost structure items are higher or lower for each company.*



## *JWI 530: Financial Management I*

---

### Assignment 1: Annual Report

#### 3. Inventory Management

- Who has more inventory in terms of days of inventory last year? (Inventory Days on Hand ratio)
- What are their respective 3-year trends for days of inventory?
- What accounting approach does each of the companies use to value their inventory? (The accounting approach can be found in the Notes section)

#### 4. 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 laymen's terms, how is each company spending their cash with respect to reinvestments in the business, changes in debt, and returning money to shareholders?

#### 5. Liquidity

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

### **Part Two: Financial Presentation and Slide Deck – 5-minute maximum ZOOM video and 5-slide maximum PowerPoint deck (not including Cover page or References, if desired)**

#### 1. Create a PowerPoint Deck in support of your financial presentation

- Highlight some key findings from the executive summary. Focus on key insights that would be helpful for the leadership team.
- Your PowerPoint should be complementary to your Executive Summary.
- Remember to keep your slides legible. Avoid small fonts, too much text, or distracting graphics.
- Maximum 5 slides.

#### 2. Record your financial presentation using ZOOM

- Record both the PPT deck and your webcam feed simultaneously.
- Remember to practice your presentation. You may record several times prior to submitting.
- Maintain eye contact, speak conversationally, use an engaging tone, and dress professionally.
- Your video must be no longer than 5 minutes.

#### 3. Video instructions and samples can be viewed at: <https://www.kaltura.com/tiny/qpz1z>



## *JWI 530: Financial Management I*

### Assignment 1: Annual Report

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#### RUBRIC: Assignment 1

CRITERIA	Unsatisfactory	Low Pass	Pass	High Pass	Honors
1. Describe one strategy specifically noted in each company's annual report.  <b>Weight: 10%</b>	Did not submit or unsatisfactorily identified and summarized a minimum of two key competitor strategies.	Partially identified and summarized a minimum of two key competitor strategies.	Satisfactorily identified and summarized a minimum of two key competitor strategies.	Completely identified and summarized a minimum of two key competitor strategies.	Exemplarily identified and summarized a minimum of two key competitor strategies.
2. Identify and assess the profit structure of both competitor organizations (Net Income Margins).  <b>Weight: 20%</b>	Did not submit or unsatisfactorily identified and assessed the profit structure of both competitor organizations.	Partially identified and assessed the profit structure of both competitor organizations.	Satisfactorily identified and assessed the profit structure of both competitor organizations.	Completely identified and assessed the profit structure of both competitor organizations.	Exemplarily identified and assessed the profit structure of both competitor organizations.
3. Assess each competitor's inventory management methods and identify their valuation method.  <b>Weight: 20%</b>	Did not submit or unsatisfactorily assessed each competitor's inventory management methods and identified their valuation method.	Partially assessed each competitor's inventory management methods and identified their valuation method.	Satisfactorily assessed each competitor's inventory management methods and identified their valuation method.	Completely assessed each competitor's inventory management methods and identified their valuation method.	Exemplarily assessed each competitor's inventory management methods and identified their valuation method.
4. Identify and assess each competitor's cash flow situation and decisions.  <b>Weight: 20%</b>	Did not submit or unsatisfactorily identified and assessed each competitor's cash flow situation and decisions.	Partially identified and assessed each competitor's cash flow situation and decisions.	Satisfactorily identified and assessed each competitor's cash flow situation and decisions.	Completely identified and assessed each competitor's cash flow situation and decisions.	Exemplarily identified and assessed each competitor's cash flow situation and decisions.



*JWI 530: Financial Management I*

Assignment 1: Annual Report

<p>5. Identify and assess each competitor's liquidity status.</p> <p><b>Weight: 10%</b></p>	<p>Did not submit or unsatisfactorily identified and assessed each competitor's liquidity status.</p>	<p>Partially identified and assessed each competitor's liquidity status.</p>	<p>Satisfactorily identified and assessed each competitor's liquidity status.</p>	<p>Completely identified and assessed each competitor's liquidity status.</p>	<p>Exemplarily identified and assessed each competitor's liquidity status.</p>
<p>6. Professional Communication:            (1) The executive summary was no more than two pages, clear, logically organized, and grammatically correct. (2) The PPT deck is no more than 5 slides (excluding the cover page), organized, easy to read, and free from grammatical errors. (3) The video presentation is succinct (5 minutes), clear, eye contact is made, voice is dynamic, and the presenter uses appropriate verbal cues, and is wearing professional attire.</p> <p><b>Weight: 20%</b></p>	<p>Did not submit or unsatisfactorily communicated professionally in the executive summary, PPT deck, and presentation of material.</p>	<p>Partially communicated professionally in the executive summary, PPT deck, and presentation of material.</p>	<p>Satisfactorily communicated professionally in the executive summary, PPT deck, and presentation of material.</p>	<p>Completely communicated professionally in the executive summary, PPT deck, and presentation of material.</p>	<p>Exemplarily communicated professionally in the executive summary, PPT deck, and presentation of material.</p>