

## MBA 503 Final Project Guidelines and Rubric

### Overview

There are two summative assessments for this course. For your first assessment, you will be objectively assessed by your completion of a series of MyAccountingLab homework assignments throughout the course. These will measure your understanding of how to communicate the financial performance of companies and how to prepare basic financial statements.

For your final project, you will complete a **financial analysis** of a particular company's financial statements. You will assume the role of an analyst in a fictional company that is looking to glean what it can from the methods and business decisions used at this company. In determining the overall financial health of the company, you will demonstrate an understanding of both the financial calculations that go into financial statements as well as the meaning behind the numbers.

Basic accounting skills and knowledge are critical to effective management in today's business environment. Future business leaders need an understanding of the process and rules related to creating financial accounting statements and the meanings behind their individual components in order to make informed business decisions. To demonstrate these skills, you will need to analyze this accounting information in terms of a company's performance and financial health within its industry. This will ultimately help develop your skills as a business leader who is better prepared to manage effectively and make informed management decisions.

**This final project addresses the following course outcomes:**

- Analyze the financial condition of companies by accurately interpreting basic financial information used for informing business decisions
- Determine the importance of accounting regulations and reporting requirements in the preparation of financial reports
- Conduct basic financial analysis that accurately utilizes horizontal, vertical, and ratio techniques to determine the overall financial health of companies

The project is divided into **three milestones**, which will be submitted at various points throughout the course to scaffold learning and ensure quality final submissions. These milestones will be submitted in **Modules Four, Six, and Eight**. Your final submission, the financial analysis, will be submitted in **Module Ten**.

### Prompt

You are an analyst for Coffee Connection, a coffee shop located in the Midwest. You have been marginally successful as a company. You are now tasked with analyzing the competition and developing benchmarks for the purpose of both improving profitability and expanding operations. You have identified Starbucks as your most similar competitor. Your job now is to use multiple tools to analyze Starbucks' performance and offer well-researched observations concerning the success and challenges faced by Starbucks. You should include an Excel spreadsheet with all calculations.

Specifically the following **critical elements** must be addressed:

- I. **Introduction:** Provide a concise, professional introduction explaining the purpose of your analysis to your executive.
  
- II. **Horizontal and Vertical Analysis:** In this section, you will conduct horizontal and vertical analyses for the balance sheet and income statement accounts and report any significant observations for a two-year period. You should include a table of your calculations as an appendix to your analysis. Include all calculations in an Excel document. Specifically discuss the following categories:
  - A. **Accounts Receivable:**
    1. Use basic financial analysis to examine any **horizontal** changes in Starbucks' accounts receivable balances over time.
    2. Use basic financial analysis to examine any **vertical** changes in Starbucks' accounts receivable balances over time.
    3. Analyze how Starbucks' **methods** for accounting for receivables and evaluating uncollectible receivables impact the recording process and presentation of financial statements. In other words, what are this company's methods for accounting for receivables and evaluating uncollectible receivables, and how do those affect how financial information is communicated?
  - B. **Asset Acquisition, Depreciation, and Amortization:**
    1. Use basic financial analysis to examine any **horizontal** changes in Starbucks' fixed assets, intangible assets, depreciation, and amortization over time.
    2. Use basic financial analysis to examine any **vertical** changes in Starbucks' fixed assets, intangible assets, depreciation, and amortization over time.
    3. Analyze Starbucks' **methods** for fixed asset and intangible asset acquisitions as well as depreciation and amortization, including asset categorization. How do these methods affect the balance sheet, income statement, and statement of cash flows?
  - C. **Debt Financing**
    1. Use basic financial analysis to examine any **horizontal** changes in Starbucks' short- and long-term debt over time.
    2. Use basic financial analysis to examine any **vertical** changes in Starbucks' short- and long-term debt over time.
    3. Analyze Starbucks' **method** of debt financing. In your analysis, you should address both current and long-term liabilities, including the issuance of bonds.
  
- III. **Ratio Analysis:** Analyze and discuss the financial performance of Starbucks using financial ratios. Include your calculations and amounts in a table in the appendix of your paper. Be sure to show your calculation for each ratio.
  - A. **Liquidity Ratios**
    1. Accurately present and **calculate** two liquidity ratios for Starbucks.
    2. **Discuss** what the liquidity ratios reveal about Starbucks, including any description of benchmarks, standard measurements, or other types of analysis used once the ratio amount is known.
  - B. **Solvency Ratios**
    1. Accurately present and **calculate** two solvency ratios for Starbucks.
    2. **Discuss** what the solvency ratios reveal about the company, including any description of benchmarks, standard measurements, or other types of analysis used once the ratio amounts are known.
  - C. **Profitability Ratios**

1. Accurately present and **calculate** two profitability ratios for Starbucks.
  2. **Discuss** what the profitability ratios reveal about the company, including any description of benchmarks, standard measurements, or other types of analysis used once the ratio amounts are known.
- IV. **Rules of Financial Reporting:** Consider the following governmental and GAAP reporting requirements for what is mandated that Starbucks include in its financial statements:
- A. Why is the reporting of **control procedures** required, and what information is disclosed about Starbucks' control procedures? Justify your response.
  - B. Why is the reporting of **segment information** required, and what information is disclosed about Starbucks' segment information? Justify your response.
  - C. Why is the reporting of **estimates** and assumptions required, and what information is disclosed about Starbucks' reporting of estimates and assumptions? Justify your response.
  - D. Why is the reporting of **investments and fair value** required, and what information is disclosed about Starbucks' investments and fair value reporting? Justify your response.
  - E. Why is the reporting of **leases** required, and what information is disclosed about Starbucks' lease structure? Justify your response.
- V. **Conclusion:** Provide a concise, professional conclusion to your executive detailing the findings of your analysis. What can you learn from Starbucks' financial statements and performance about determining the overall health of companies? Include general suggestions for financial improvements.

## Milestones

### Milestone One: Horizontal and Vertical Analysis: Accounts Receivable, Fixed Assets, and Debt Financing

In **Module Four**, you will submit both a horizontal and vertical analysis of Starbucks' **accounts receivable, fixed assets, and debt financing**. Use basic financial analysis to examine any horizontal and any vertical changes in Starbucks' accounts receivable, fixed assets, and debt financing balances over time. Be sure also to discuss how Starbucks' methods for accounting for receivables and evaluating uncollectible receivables, purchase of fixed assets, and methods of debt financing impact the recording process and presentation of financial statements (Critical Element II). In other words, what are this company's methods for accounting for receivables and evaluating uncollectible receivables? What types of fixed assets are acquired, and what methods are preferred for debt financing? How do those affect how financial information is communicated? Your analysis should be in the form of a 2–3-page paper. Include all calculations in an Excel document. **This milestone is graded with the Milestone One Rubric.**

### Milestone Two: Ratio Analysis

In **Module Six**, you will submit the **Ratio Analysis** portion of the final project. For this milestone, you will be analyzing the financial performance of Starbucks using the financial ratios of liquidity, solvency, and profitability (Critical Element III). Include your calculations and amounts in a table in the appendix of your paper. Be sure to show your calculations for each ratio. You will also discuss what each ratio and ratio category tells the user about the financial health of the company, including stating appropriate methods for comparison such as benchmarking and trend analysis. Your analysis should be in the form of a 2–3-page paper. Include all calculations in an Excel document. Note: To calculate the ratio amounts you may use the document [Key Financial Ratios Explained and Set Up in Excel](#). This Excel document may also be used for your final project. **This milestone is graded with the Milestone Two Rubric.**

Milestone Three: Rules of Financial Reporting

In **Module Eight**, you will submit the **Rules of Financial Reporting** component of your financial analysis (Critical Element IV). In this milestone, you will consider the following governmental and GAAP reporting requirements for what is mandated that Starbucks include in its financial statements: Why is the reporting of control procedures required, and what information is disclosed about Starbucks’ control procedures? Why is the reporting of segment information required, and what information is disclosed about Starbucks’ segment information? Why is the reporting of estimates and assumptions required, and what information is disclosed about Starbucks’ reporting of estimates and assumptions? Why is the reporting of investments and fair value required, and what information is disclosed about Starbucks’ investments and fair value reporting? And last: Why is the reporting of leases required, and what information is disclosed about Starbucks’ lease structure? Justify your response to each question. This milestone should be submitted as a 2–3-page paper. **This milestone is graded with the Milestone Three Rubric.**

Final Submission: Financial Analysis

In **Module Ten**, you will submit your 10–12-page final **financial analysis**. It should be a complete, polished artifact containing **all** of the critical elements of the final project, including the **Introduction** (Critical Element I), which will be a concise, professional introduction explaining the purpose of your analysis to your executive, and the **Conclusion** (Critical Element V), which will be a concise, professional conclusion to your executive detailing the findings of your analysis. Your conclusion should also answer the following question: What can you learn from Starbucks’ financial statements and performance about determining the overall health of companies? Include general suggestions for financial improvements. Your financial analysis should reflect the incorporation of feedback gained throughout the course. **This final submission will be graded using the Final Project Rubric.**

## Deliverables

Milestone	Deliverable	Module Due	Grading
One	Horizontal and Vertical Analysis: Accounts Receivable, Fixed Assets and Debt Financing	Four	Graded separately; Milestone One Rubric
Two	Ratio Analysis	Six	Graded separately; Milestone Two Rubric
Three	Rules of Financial Reporting	Eight	Graded separately; Milestone Three Rubric
	Final Submission: Financial Analysis	Ten	Graded separately; Final Project Rubric

## Final Project Rubric

**Guidelines for Submission:** Your financial analysis should adhere to the following formatting requirements: 10–12 pages (not including cover page or appendix), double-spaced, using 12-point Times New Roman font and the most current guidelines for APA formatting. Include all calculations in an Excel document.

Critical Elements	Exemplary (100%)	Proficient (90%)	Needs Improvement (70%)	Not Evident (0%)	Value
<b>Introduction</b>	Meets “Proficient” criteria, and explanation expertly balances key detail with brevity for corporate audience	Provides a concise introduction explaining the purposes of analysis for a corporate audience	Provides an introduction explaining the purposes of analysis for a corporate audience, but presentation is not concise or is missing key details	Does not provide an introduction explaining the purposes of analysis for a corporate audience	5.5
<b>Analysis: Accounts: Horizontal</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of how to interpret horizontal changes in accounts receivable balances over time	Uses basic financial analysis to examine any horizontal changes in Starbucks’ accounts receivable balances over time	Uses basic financial analysis to examine any horizontal changes in Starbucks’ accounts receivable balances over time, but with gaps in accuracy or relevant detail	Does not use basic financial analysis to examine any horizontal changes in Starbucks’ accounts receivable balances over time	3.5
<b>Analysis: Accounts: Vertical</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of how to interpret vertical changes in accounts receivable balances over time	Uses basic financial analysis to examine any vertical changes in Starbucks’ accounts receivable balances over time	Uses basic financial analysis to examine any vertical changes in Starbucks’ accounts receivable balances over time, but with gaps in accuracy or relevant detail	Does not use basic financial analysis to examine any vertical changes in Starbucks’ accounts receivable balances over time	3.5
<b>Analysis: Accounts: Methods</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of how financial methods impact the recording process and presentation of financial statements	Analyzes how Starbucks’ methods for accounting for receivables and evaluating uncollectible receivables impact the recording process and financial statement presentation	Analyzes how Starbucks’ methods for accounting for receivables and evaluating uncollectible receivables impact the recording process and financial statement presentation, but with gaps in logic or detail	Does not analyze how Starbucks’ methods for accounting for receivables and evaluating uncollectible receivables impact the recording process and financial statement presentation	4
<b>Analysis: Asset: Horizontal</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of how to interpret horizontal changes in fixed assets, intangible assets, depreciation, and amortization over time	Uses basic financial analysis to examine any horizontal changes in Starbucks’ fixed assets, intangible assets, depreciation, and amortization over time	Uses basic financial analysis to examine any horizontal changes in Starbucks’ fixed assets, intangible assets, depreciation, and amortization over time, but with gaps in accuracy or relevant detail	Does not use basic financial analysis to examine any horizontal changes in Starbucks’ fixed assets, intangible assets, depreciation, and amortization over time	3.5

# Southern New Hampshire University

<b>Analysis: Asset: Vertical</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of how to interpret vertical changes in fixed assets, intangible assets, depreciation, and amortization over time	Uses basic financial analysis to examine any vertical changes in Starbucks’ fixed assets, intangible assets, depreciation, and amortization over time	Uses basic financial analysis to examine any vertical changes in Starbucks’ fixed assets, intangible assets, depreciation, and amortization over time, but with gaps in accuracy or relevant detail	Does not use basic financial analysis to examine any vertical changes in Starbucks’ fixed assets, intangible assets, depreciation, and amortization over time	3.5
<b>Analysis: Asset: Methods</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of how financial methods impact the balance sheet, income statement, and statement of cash flows	Analyzes Starbucks’ methods for fixed asset and intangible asset acquisitions as well as depreciation and amortization for how they affect the balance sheet, income statement, and statement of cash flows	Analyzes Starbucks’ methods for fixed asset and intangible asset acquisitions as well as depreciation and amortization for how they affect the balance sheet, income statement, and statement of cash flows, but with gaps in logic or detail	Does not analyze Starbucks’ methods for fixed asset and intangible asset acquisitions as well as depreciation and amortization for how they affect the balance sheet, income statement, and statement of cash flows	4
<b>Analysis: Debt: Horizontal</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of how to interpret horizontal changes in short- and long-term debt over time	Uses basic financial analysis to examine any horizontal changes in Starbucks’ short- and long-term debt over time	Uses basic financial analysis to examine any horizontal changes in Starbucks’ short- and long-term debt over time, but with gaps in accuracy or relevant detail	Does not use basic financial analysis to examine any horizontal changes in Starbucks’ short- and long-term debt over time	3.5
<b>Analysis: Debt: Vertical</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of how to interpret vertical changes in short- and long-term debt over time	Uses basic financial analysis to examine any vertical changes in Starbucks’ short- and long-term debt over time	Uses basic financial analysis to examine any vertical changes in Starbucks’ short- and long-term debt over time, but with gaps in accuracy or relevant detail	Does not use basic financial analysis to examine any vertical changes in Starbucks’ short- and long-term debt over time	3.5
<b>Analysis: Debt: Method</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of how financial methods impact financial statements	Analyzes Starbucks’ method of debt financing, addressing current and long-term liabilities and the issuance of bonds	Analyzes Starbucks’ method of debt financing, addressing current and long-term liabilities and the issuance of bonds, but with gaps in logic or detail	Does not analyze Starbucks’ method of debt financing, addressing current and long-term liabilities and the issuance of bonds	4
<b>Ratio: Liquidity: Calculate</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of ratio techniques used for financial analysis	Accurately presents and calculates two liquidity ratios for Starbucks	Presents and calculates two liquidity ratios for Starbucks, but with gaps in accuracy, or chosen ratios are not appropriate	Does not present and calculate two liquidity ratios for Starbucks	3.5

# Southern New Hampshire University

<b>Ratio: Liquidity: Discuss</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of what is revealed about the financial condition of companies through key ratios	Comprehensively discusses what liquidity ratios reveal about Starbucks	Discusses what liquidity ratios reveal about Starbucks, but with gaps in logic or detail	Does not discuss what liquidity ratios reveal about Starbucks	4
<b>Ratio: Solvency: Calculate</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of ratio techniques used for financial analysis	Accurately presents and calculates two solvency ratios for Starbucks	Presents and calculates two solvency ratios for Starbucks, but with gaps in accuracy, or chosen ratios are not appropriate	Does not present and calculate two solvency ratios for Starbucks	3.5
<b>Ratio: Solvency: Discuss</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of what is revealed about the financial condition of companies through key ratios	Comprehensively discusses what solvency ratios reveal about Starbucks	Discusses what solvency ratios reveal about Starbucks, but with gaps in logic or detail	Does not discuss what solvency ratios reveal about Starbucks	4
<b>Ratio: Profitability: Calculate</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of ratio techniques used for financial analysis	Accurately presents and calculates two profitability ratios for Starbucks	Presents and calculates two profitability ratios for Starbucks, but with gaps in accuracy, or chosen ratios are not appropriate	Does not present and calculate two profitability ratios for Starbucks	3.5
<b>Ratio: Profitability: Discuss</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of what is revealed about the financial condition of companies through key ratios	Comprehensively discusses what profitability ratios reveal about Starbucks	Discusses what profitability ratios reveal about Starbucks, but with gaps in logic or detail	Does not discuss what profitability ratios reveal about Starbucks	4
<b>Rules: Control Procedures</b>	Meets “Proficient” criteria, and justification demonstrates a nuanced understanding of the importance of rules and regulations in accounting to financial reporting	Determines why reporting of control procedures is required and what information is disclosed, justifying response	Determines why reporting of control procedures is required and what information is disclosed, justifying response, but determination contains inaccuracies or justification is lacking in logic or key details	Does not determine why reporting of control procedures is required and what information is disclosed, justifying response	6

# Southern New Hampshire University

<b>Rules: Segment Information</b>	Meets “Proficient” criteria, and justification demonstrates a nuanced understanding of the importance of rules and regulations in accounting to financial reporting	Determines why reporting of segment information is required and what information is disclosed, justifying response	Determines why reporting of segment information is required and what information is disclosed, justifying response, but determination contains inaccuracies or justification is lacking in logic or key details	Does not determine why reporting of segment information is required and what information is disclosed, justifying response	6
<b>Rules: Estimates</b>	Meets “Proficient” criteria, and justification demonstrates a nuanced understanding of the importance of rules and regulations in accounting to financial reporting	Determines why reporting of estimates and assumptions is required and what information is disclosed, justifying response	Determines why reporting of estimates and assumptions is required and what information is disclosed, justifying response, but determination contains inaccuracies or justification is lacking in logic or key details	Does not determine why reporting of estimates and assumptions is required and what information is disclosed, justifying response	6
<b>Rules: Investments and Fair Value</b>	Meets “Proficient” criteria, and justification demonstrates a nuanced understanding of the importance of rules and regulations in accounting to financial reporting	Determines why reporting of investments and fair value is required and what information is disclosed, justifying response	Determines why reporting of investments and fair value is required and what information is disclosed, justifying response, but determination contains inaccuracies or justification is lacking in logic or key details	Does not determine why reporting of investments and fair value is required and what information is disclosed, justifying response	6
<b>Rules: Leases</b>	Meets “Proficient” criteria and justification demonstrates a nuanced understanding of the importance of rules and regulations in accounting to financial reporting	Determines why reporting of leases is required and what information is disclosed, justifying response	Determines why reporting of leases is required and what information is disclosed, justifying response, but determination contains inaccuracies or justification is lacking in logic or key details	Does not determine why reporting of leases is required and what information is disclosed, justifying response	6
<b>Conclusion</b>	Meets “Proficient” criteria and demonstrates a nuanced understanding of how financial analysis leads to determinations of the overall financial health of companies	Provides a concise, professional conclusion detailing what can be learned from Starbucks’ financial statements and performance based on financial analysis	Provides a conclusion detailing what can be learned from Starbucks’ financial statements and performance based on financial analysis, but is lacking key details or is not concise or professional	Does not provide a conclusion detailing what can be learned from Starbucks’ financial statements and performance based on financial analysis	4



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<b>Articulation of Response</b>	Submission is free of errors related to citations, grammar, spelling, syntax, and organization and is presented in a professional and easy-to-read format	Submission has no major errors related to citations, grammar, spelling, syntax, or organization	Submission has major errors related to citations, grammar, spelling, syntax, or organization that negatively impact readability and articulation of main ideas	Submission has critical errors related to citations, grammar, spelling, syntax, or organization that prevent understanding of ideas	5
<b>Total</b>					<b>100%</b>