FNCE 623 Group Project: Analysis of the financial performance of a public traded company

The term paper consists of the analysis of the financial environment of a firm of your choice, including the major financial risk exposures and the firm’s risk management programs. You need to analyze the firm's financial performance and determine the risk exposure, how and whether the firm’s stock price will be affected and how effective this risk management program is. The paper must be in quantitative analysis and must be concrete and persuasive.

Specific steps:

1. Select a firm (Canadian or US firm) that is publicly traded on NASDAQ, NYSE, TSX, etc. The company must distribute dividends in the past years. For example, Amazon is not a good option because it has distributed dividends for more than 10 years.
2. Obtain information about the firm such as which products it sells, where it does business etc.
3. Define the business cycle and its stages. In addition, determine the firm's business cycle stage and describe why you think they are in that stage.
4. Profitability analysis: perform the ROA, ROE calculations. Please interpret and explain the results of your calculations (Must show your work in ratio calculations).
5. Risk analysis: perform at least 2 short term liquidity ratio calculations and at least 2 long term liquidity ratio. Please interpret and explain the results of your calculations (Must show your work in ratio calculations).
6. Describe the significance of accounting quality and earnings management and explain at least two incentives that encourage managers to practice earnings management.
7. Define the importance of monetary and fiscal policy to the economic system.
8. Discuss the value of accurately forecasting financial statements.
9. Estimate the firm’s value by using the Dividends-Based Valuation Model. Compare the firm’s stock market value to the intrinsic value you calculated and explain the difference in values.
10. Estimate the firm’s value by using the Beta theory. Compare the firm’s stock market value to the intrinsic value you calculated and explain the difference in values.
11. Identify the major risks faced by the firm and whether it hedges its risk exposures or not. This information is typically reported in the firm’s annual report or the statements filed with the regulatory body in the firm’s home country.
12. Forecast the stock price trend of the company and recommend an investment strategy.
13. Write a report up to ten pages long (12-point font, 1.5 spaced). Attach of your statistical analysis (if any) and financial statement analysis on separate pages as an appendix if the report is more than 10 pages. References and appendix are additional to the ten page report.

Recommended information sources:

Data:

Yahoo finance, company websites Annual reports and other official filings:

Canadian firms: [www.sedar.com](http://www.sedar.com/) ; US firms: SEC Filings & Forms (EDGAR) Other sources:

Mergent Online, Wall Street Journal, Globe and Mail, Economist, Financial Times etc.

NOTE: When writing the paper, you must follow the university regulations on plagiarism. When citing your references (use APA 7 style and citations), make sure you cite your sources in the main part of the paper where appropriate, not just in the reference section. All References should be less than 10 years old and should be peer reviewed ones.