**Corporate Finance Course Project**

**Course Project Parameters**

Select a company (**Starbucks**), download the most recent copy of the company's 10-K (**Net Property Planning Report)** 2022 (ONLY).

Project deliverable are as follows:

* The firm is looking to expand its operations by 10% of the firm's net property, plant, and equipment. (Calculate this amount by taking 10% of the property, plant, and equipment figure that appears on the firm's balance sheet.)
* The estimated life of this new property, plant, and equipment will be 12 years. The salvage value of the equipment will be 5% of the property, plant and equipment's cost. (expansion only)
* The annual EBIT for this new project will be 18% of the project's cost.
* The company will use the straight-line method to depreciate this equipment. Also assume that there will be no increases in net working capital each year. Use 25% as the tax rate in this project.
* The hurdle rate for this project will be the WACC that you are able to find on a financial website, such as Gurufocus.com. If you are unable to find the WACC for a company, contact your instructor. He or she will assign you a WACC rate.

**Course Project Deliverables**

**Prepare an Excel that will highlight the following items**

* Your calculations for the amount of property, plant, and equipment and the annual depreciation for the project
* Your calculations that convert the project's EBIT to free cash flow for the 12 years of the project.
* The following capital budgeting results for the project
  + Net present value
  + Internal rate of return
  + Profitability Index
  + If you find the Payback period (extra credit)
* Your discussion of the results that you calculated above, including a recommendation for acceptance or rejection of the project

**Project Parameters**

You have recently assumed the role of CFO at your company. The company's CEO is looking to expand its operations by investing in new property, plant, and equipment. You are asked to do some capital budgeting analysis that will determine whether the company should invest in these new plant assets.

\*Download the Net Property Plant & Equipment statement for (Starbucks 2022) and prepare Excel spreadsheet.

\* Focus on using correct formulas in the Excel spreadsheet. Create tabs in spreadsheet (Introduction, financial statement NPP&E, calculations (2022 only w/deliverables and conclusion)

**Grading Rubic deliverables**

**Calculation of Cost of Project:** Cost of Property, plant and Equipment and annual depreciation correctly calculated.

**Estimation of Cash Flows:** Cash flows are properly converted from accrual-based net income to cash flows from the project.

**Capital Budgeting** **Analysis:** All of the NPV, IRR, and Discounted Payback period calculations are correct.

**Form:** Virtually no errors in writing