



## FIN 685 Case Study One Guidelines and Rubric

Financial ratio analysis is used for planning, control, and performance evaluation purposes. Extracting the correct and appropriate information from a financial statement is the key to interpreting the information for use in decision making. This short paper assignment will provide you with a background on financial ratios in a particular industry and ask you to apply the financial ratio analysis to a real-world example.

**Prompt:** Select a company of your choice within your industry. The choice of company should be different from the company you will use for your final project *and* different from the company you chose in the Module One discussion. You may use the [Yahoo! Industry Summary](#) to help you in selecting a company.

Once you have chosen your company, name some commonly used financial ratios in your industry, calculate specific ratios, and discuss the profitability of the company. Also, summarize your findings as well as discuss in general the limitations of financial ratios and those that apply directly to your industry.

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

- I. **Financial Ratios**
  - a) Name and describe some **commonly used financial ratios** in your industry.
  - b) Calculate the **return on assets (ROA) and return on equity (ROE)** for a company of your choosing within your industry. (Note: the company must be different from the one you choose for your final project and different from the company you chose in Module One discussion.)
- II. **Profitability:** Assess the **profitability** of the company based on the financial ratios you calculated and summarize your findings.
- III. **Limitations**
  - a) In general terms, discuss the **limitations of financial ratios**.
  - b) Specifically, discuss which **limitations of financial ratios apply to your industry**.

### Rubric

**Guidelines for Submission:** Your paper must be submitted as a 2-page Microsoft Word document with double spacing, 12-point Times New Roman font, one-inch margins, and at least 2 sources in addition to the textbook cited in APA format.

Critical Elements	Exemplary (100%)	Proficient (90%)	Needs Improvement (70%)	Not Evident (0%)	Value
<b>Financial Ratios: Commonly Used</b>	Meets “Proficient” criteria and descriptions are particularly comprehensive	Names and describes commonly used financial ratios for the specific industry	Names and describes commonly used financial ratios but descriptions lack detail	Does not list commonly used financial ratios	18
<b>Financial Ratios: ROA and ROE</b>	Correctly calculates both ROA and ROE for chosen company	Calculates both ROA and ROE for chosen company, but answers may not be correct	Calculates either ROA or ROE but not both	Does not calculate either ROA or ROE	18
<b>Profitability</b>	Meets “Proficient” criteria and assessment is particularly nuanced or comprehensive	Assesses and summarizes the profitability of the chosen company	Assesses and summarizes profitability but the assessment or summary lacks detail	Does not assess or summarize profitability	18
<b>Limitations of Financial Ratios: In General</b>	Meets “Proficient” criteria and description is supported with information from course readings	Describes the limitations of financial ratios in general terms	Describes the limitations in general terms but description lacks detail	Does not describe the limitations in general terms	18
<b>Limitations of Financial Ratios: Specific to Industry</b>	Meets “Proficient” criteria and description is supported with information from academic sources and/or real-world experience	Describes the limitations of financial ratios specific to the industry	Describes the limitations specific to the industry but description lacks detail	Does not describe the limitations specific to the industry	18
<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	10
<b>Earned Total</b>					<b>100%</b>