



### FIN 550 Milestone Three Guidelines and Rubric

**Overview:** For the final project, you will use [2017 UPS Annual Report](#) to prepare a financial analysis report for UPS. You will include in your analysis the background calculations and managerial analysis for each of the following topics: time value of money, stock and bond valuation, and capital budgeting. You will also discuss macroeconomic variables that might impact the company's financial decision making and strategic objectives. These topics will be covered over four milestones to be submitted throughout the course before you submit the final project. Note that while these elements may seem separate and unrelated, together they will present a well-rounded view of the company's finances with regard to the topics.

In this milestone, you will submit a draft of the Capital Budgeting Data section of the final project, along with your supporting explanations.

**Prompt:** Provide your recommendation on a potential investment project for UPS. based on the net present value (NPV) and internal rate of return (IRR). Compare these calculations for their use in evaluating a potential investment. Complete your calculations on the designated tab in the [Final Project Student Workbook](#).

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

#### IV. Capital Budgeting Data

- A. Suppose the company is considering a **potential investment** project to add to its portfolio. Calculate the following items:
  1. The net present value (NPV) of the project
  2. The internal rate of return (IRR) of the project
- B. What are the implications of these calculations? In other words, based on each of the calculations, and being mindful of the need to balance portfolio risk with return, would you recommend that the company **pursue the investment**? Why or why not? Be sure to substantiate your claims.
- C. What is the **difference** between NPV and IRR? Which one would you choose for evaluating a potential investment and why? Be sure to support your reasoning with evidence.

**Guidelines for Submission:** Your paper must be submitted as a 2- to 3-page Microsoft Word document, not including your calculations, which should be completed on the designated tab in the Final Project Student Workbook. Use double spacing, 12-point Times New Roman font, and one-inch margins. Sources should be formatted according to APA style.

**Rubric**

Critical Elements	Proficient (100%)	Needs Improvement (80%)	Not Evident (0%)	Value
<b>Capital Budgeting Data: Potential Investment</b>	Accurately calculates requested figures	Calculates figures, but with gaps in accuracy or detail	Does not calculate figures	30
<b>Capital Budgeting Data: Pursuing the Investment</b>	Analyzes the implications of each calculation on the recommendation to pursue the investment, substantiating claims	Analyzes the implications of each calculation on the recommendation to pursue the investment, but response or substantiation is cursory or illogical	Does not analyze the implications of each calculation on the recommendation to pursue the investment	30
<b>Capital Budgeting Data: Difference</b>	Accurately characterizes the difference between NPV and IRR and explains which would be chosen for evaluating a potential investment and why, supporting reasoning with evidence	Characterizes the difference between NPV and IRR and explains which would be chosen for evaluating a potential investment and why, but response is cursory or inaccurate or evidence is not supportive	Does not characterize the difference between NPV and IRR and does not explain which would be chosen for evaluating a potential investment and why	30
<b>Articulation of Response</b>	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>