Toomer’s Energy Drink (TED) is a public corporation headquartered in Baltimore, MD. TED sells three different energy drink flavors in the U.S. and abroad. You will be serving in the role of an internal auditor and your job is to ensure the company acts in an ethical, professional manner.

While reviewing TED’s financial statements and other financial information, you noticed TED’s statements do not use the U.S. dollar as the unit of currency. Instead, the TED statements use the Euro, which has the currency symbol of  . At first, you’re uneasy working with Euros, but quickly realize the currency symbol is irrelevant in this case because all statements are in the Euro and therefore, currency translation is unnecessary.

1. **Steps to Completion:**

**Step 1** – Read the case Toomer’s Energy Drinks – Fueling Earnings Management and download the Toomer Energy Excel File found in Course Resources in LEO.

**Step 2** – Complete a rough draft of Module 1.

**Step 3** – Read [Appendix A](#AppendixA) – TED Management’s Ideas to Increase Projected Operating Income.

**Step 4** – Complete a rough draft of a PPT answering module 2 requirements.

**Step 5** – Complete a rough draft of the remaining modules (3-5).

**Step 6** – Revise drafts.

**Step 7** – Submit to UMUC writing center for review at least 2 weeks before it is due.

**Step 8** – Finalize your paper and presentation.

**Step 9** – Submit your paper and presentation to your boss for her review.

**IV. Deliverables:**

1. 15 – 20 page paper covering modules 1, 3, 4, and 5, and
2. 15 – 20 slide Power Point audio enhanced presentation with closed-captioned transcripts covering module 2.

**V. Helpful Hints:**

* Review and refresh your memory of APA style formatting.
* Prepare a draft version of your report and ask a classmate, friend, or family member to read your report before submitting it to the Graduate Writing Center.
* Submit your draft to the Graduate Writing Center at least 1 week before this project is due. This FREE resource can be accessed in your LEO classroom.
* Make edits to your report after reviewing feedback from the writing center tutors.
* Submit the Project deliverables on or before the due date.
* Ask your supervisor (professor) questions as needed.

**VI. Rubric:**

## Project and Midterm Exam Rubric

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|  |  |  |  |
| --- | --- | --- | --- |
| Criteria | Exceeds Performance Expectations 18 points | Meets Performance Expectations 16 points | Does Not Meet Performance Expectations 0 points |
| Identification of the Strategic Issue/Challenge/Problem | Correctly identifies & provides accurate & detailed descriptions of the most relevant & serious issues, challenges, and/or problems facing the company. Shows superior knowledge of the company's current financial situation & strategic issues. Provides a focused diagnosis of the issue(s) & justifies that diagnosis using evidence presented in the case. | Correctly identifies & provides accurate & detailed descriptions for some of the most relevant & serious issues, challenges, and/or problems facing the company. Shows above average knowledge of the company's current financial situation & strategic issues. Provides a focused diagnosis of some of the issue(s) & justifies that diagnosis using some evidence presented in the case. | Does not correctly identify & provide accurate & detailed descriptions for most of the most relevant & serious issues, challenges, and/or problems facing the company. Shows below average knowledge of the company's current financial situation & strategic issues. Does not provides a focused diagnosis of some of the issue(s) & does not justifies that diagnosis using evidence presented in the case. Or, did not submit. |
| Analysis of Case Specifics | Does not waste space reiterating information provided in the case. Chooses relevant facts & figures for the analysis, and excludes irrelevant, immaterial, & extraneous information. Examines financial and non-financial data, performs data analysis, and evaluates alternatives. | Wastes some space reiterating information presented in the case. Chooses some of the relevant facts & figures for the analysis, and excludes some of the irrelevant, immaterial, and extraneous information. Examines financial and non-financial data but does not performs sufficient data analysis to determine and evaluate alternatives. | Wastes a significant amount of space reiterating information presented in the case. Chooses only a few relevant facts & figures for the analysis, and includes irrelevant, immaterial, and extraneous information. Examines financial and non-financial data but does not performs sufficient data analysis to determine and evaluate alternatives. Or, did not submit. |
| Conclusions & Recommendations | Develops effective recommendations, solutions, and/or action plans that specifically solve the strategic issues, challenges, and/or problems identified as the organization's most relevant & serious. Supports recommendation with convincing evidence. | Develops some effective recommendation(s) solutions, and/or action plans that specifically solve the strategic issues, challenges, and/or problems identified as the organization's most relevant & serious. Supports recommendation(s) with insufficient and unconvincing evidence. | Develops only a few effective recommendation(s) solutions, and/or action plans that only tangentially address the strategic issues, challenges, and/or problems identified as the organization's most relevant & serious. Does not support recommendation(s) with convincing evidence. Or, did not submit. |
| Writing Competencies | Clear, correct, and concise use of English grammar with no spelling or punctuation errors. Employs professional writing without colloquial language. Organization is easy to follow and congruent with graduate level writing skills. | Clear, correct, and concise use of English grammar with some spelling and/or punctuation errors. Employs professional writing with some colloquial language. Organization is not easy to follow but the submission is written at the graduate level. | Confusing, incorrect, and or wordy use of English grammar with many spelling and or punctuation errors. Employs unprofessional writing with a significant amount of colloquial language. Organization is not easy to follow and the submission is not written at the graduate level. Or did not submit. |
| APA Style | Includes sufficient credible sources from peer reviewed journals, academic, and/or professional resources. All sources are cited per APA style, including properly cited in-text citations. The reference list is complete and accurate. Wikipedia, Investopedia, and other non-academic resources were not used. | Includes some credible sources from peer reviewed journals, academic, and/or professional resources. Some of the sources are cited per APA style, including properly cited in-text citations. The reference list is complete and mostly accurate. Wikipedia, Investopedia, and other non-academic resources were not used. | Includes few credible sources from peer reviewed journals, academic, and/or professional resources. Many sources are not cited or incorrectly cited per APA style, including properly cited in-text citations. The reference list is incomplete and inaccurate. Wikipedia, Investopedia, and other non-academic resources were used. Or, did not submit. |
| Overall Score | Exceeds Performance Expectation 90 or more | Meets Performance Expectation 80 or more | Does Not Meet Performance Expectation 0 or more |
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## Presentation Rubric

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|  |  |  |  |
| --- | --- | --- | --- |
| Criteria | Exceeds Performance Expectations 22.5 points | Meets Performance Expectations 20 points | Does Not Meet Performance Expectations 0 points |
| Content of Presentation | |  | | --- | | Information on the face of slides is accurate and relevant, and all academic references are included where necessary and per APA guidelines. | | |  | | --- | | Information on the face of the slides is mostly accurate and relevant with only a few minor errors; all academic references are not presented and or not in APA format. | | |  | | --- | | Information on the face of the slides is inaccurate and or irrelevant; academic references are not provided or not in APA format. Or did not submit. | |
| Organization of Presentation | |  | | --- | | Slide sequencing is logical and tells "a story" that walks the audience through explanations, steps in a process, or other dimensions of the presentation. | | |  | | --- | | Slide sequencing is mostly logical and tells "a story" that walks the audience through explanations, steps in a process, or other dimensions of the presentation. | | |  | | --- | | Slide sequencing is illogical.  The slides may tell a story, but not in an organized manner.   Or, did not submit. | |
| Notes to the Slides | |  | | --- | | Notes are presented on all slides and match the audio perfectly. | | |  | | --- | | Notes are presented on most of the slides and match the audio for the most part. | | |  | | --- | | Notes are not presented on most of the slides and they do not match the audio for the most part. Or did not submit. | |
| Audio Enhancement | |  | | --- | | Audio file is clear and without any static.  Speaker enunciates clearly, uses full sentences, and speaks at a reasonable pace throughout the presentation.  The timing of the presentation fits the requirements of the project. The quality of the audio suggests it was rehearsed. | | |  | | --- | | Audio file is clear and without static for the most part.  Speaker enunciates clearly, uses full sentences, and speaks at a reasonable pace for most of the presentation.  The timing of the presentation may be 1 minute too short or too long. | | |  | | --- | | Audio file is not clear and may contain static. The speaker is difficult to understand, may speak too slowly or too fast for most of the presentation.  The timing of the presentation may be 2 or more minutes too short or too long.  Overall, the presentation is not polished nor professional.  Or, did not submit. | |
| Overall Score | Exceeds Performance Expectations 90 or more | Meets Performance Expectations 80 or more | Does Not Meet Performance Expectations 0 or more |
|  |  |  |  |

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**APPENDIX A**

**Toomer’s Energy Drinks: Fueling Earnings Management?**

**EXHIBIT 1**

**TED Management’s Ideas to Increase Projected Operating Income**

|  |
| --- |
| • Offer incentives to entice customers to order product that they would ordinarily order during the first quarter of next year before year end this year (i.e., entice customers to “shift” some of their planned purchases of TED product from next year to this year). These incentives include “bill and hold” terms, where TED bills the customer for product that TED will hold in their warehouses until the first quarter of next year, at which point the product will be shipped to customers. TED would recognize these sales in 2016. In addition, if customers are willing to take delivery of additional product before year-end, TED will offer to “buy back” unsold product from their customers at cost in 2017. |
| • Increase production to spread fixed overhead costs over more inventory units, increasing the amount of overhead that is capitalized as part of the cost of the inventory on hand at 12/31, and reducing the amount of overhead that is included in COGS for the current period. |
| • Reschedule routine year-end maintenance usually performed by 12/31 to January 2017. |
| • Classify repair expenses for non-production machinery as additions/replacements that should be capitalized. |
| • Temporarily loosen the credit approval process to allow orders from “marginal” customers, without increasing bad debt expense and the allowance for doubtful accounts. |
| • Reduce the bad debt expense percent toward the lower end of the estimated tolerable range of 1 percent to 4 percent of sales. |
| • Extend depreciable lives for certain pieces of equipment. |
| • Cut Advertising and/or R&D spending in the last two months of the fiscal year. |

[back](#Step3)