**Project 3**  
 Alternative Policies Analysis and Share Price Forecasting: XYZ Company as a Case Study

A. Introduction

B. Percentage of Sales Method

C. Investment, Financing, Dividend, and Production Policy for XYZ Company  
In this section students should use the information from the cash flow statement which contains information about all four policies. In addition, students should use these policies which have been learned in the class, which include chapters 7, 13, 14, 17, and 18 to do some meaningful analysis.

D. Warren and Shelton Model  
Warren and Shelton Model is a 20-equation model with 20 unknowns and 21 parameters to be input into the model. This mode includes the following four sections:

1. Generating of Sales and Earnings Before Interest and Taxes for Period t

2. Generating of Total Assets Required for Period t

3. Financing the Desired Level of Assets

4. Generation of Per Share Data for Period t

E. Calculate 21 Input Parameters (Definitions of these variables can be found on page 1168 of the textbook.)  
It should be noted that most of the parameters have already been calculated in the first project. In addition, for students to calculate these parameters, they should extensively search for information from the four financial statements.

F. Perform the calculation of 20 Unknown Variables   
1. Manual approach.  
2. Excel approach.   
G. Sensitivity Analysis of Forecasting Stock Price Per Share and Important Financial Statement Items

H. Summary and Concluding Remarks

References