

ACC00724 (Accounting for Managers) S3, 2020
Assessment 2 – Total 35 marks
Due Date: 6 January 2021, 11PM

In the Grades and Feedback section of the Blackboard you will see you have been allocated a company name. You must **only use** the company you have been allocated.

Instructions:

- Access the annual reports for your allocated company for the years 2018 and 2020 in the Assessment folder of the MySCU unit site. The annual reports provided will give you four years of financial statements for 2017, 2018, 2019 and 2020.
- You should only use the figures from the annual reports provided - **do not** access your reports or figures from any other source.
- Before you start analysing the financial information, undertake general background research on the company. (What does it do? Any significant events?). This background will help you contextualise your financial analysis. Reading the Chairman/Managing Director/CEO's reports in each annual report will get you off to a good start with this.
- In your answers to Parts A, C and D, you should also refer to information in the company annual reports and/or financial press coverage to understand business events and activities that help explain your observations and evaluation of the financial information. Cite your sources.
- In your answers to Parts A, C and D, you may like to present tables, graphs or diagrams to help summarise and communicate your analyses. Ensure you briefly explain these, particularly what conclusions can be drawn from them to assist in evaluating the company.
- All parts will be marked using the rubric attached to the end of this document.
- Ensure you carefully follow these instructions and those in the parts below. If not, you may lose marks unnecessarily.

Required:

A. Cashflow Analysis

(9 marks)

Analyse the Statement of Cash Flows of your allocated company for 2020 (comparing to 2019 where relevant). Use the analysis checklist questions and points provided in Cindy's Topic 4 workshop to guide your analysis. You should also provide brief information about any significant business events and activities that help explain your observations from the cash flow statements and provide a conclusion evaluating the health of the company from a cash flow perspective.

Approximately 400 words.

B. Calculation of Ratios

(6 marks)

Calculate the following six (6) ratios for the **three years** 2018 - 2020 (2017 financial information will assist you in calculating averages, where necessary). You are to **use only** ratio formulas that are contained within the unit resources; i.e. in the prescribed textbook, study guide, Cindy's workshop slides and other content provided via the unit's Learning Pathway.

1. Return on equity
2. Operating Profit Margin
3. Inventories turnover period
4. Current ratio
5. Debt to assets ratio
6. Interest cover ratio

For each of the ratios:

- write out the ratio formula that you used;
- provide the source (textbook, study guide etc.) for that formula;
- show the numbers that you used to calculate your answer. These numbers should only come from the financial statements or notes to the accounts, not earlier sections of the annual report; and
- show your answer. These should be given to two decimal places and given in a format that indicates whether it is in %, times, ratio or days.

C. Working Capital Management Analysis

(8 marks)

Evaluate the working capital management of your allocated company.

Start your analysis by calculating the company's cash conversion cycle (CCC) for the three years 2018-2020 using relevant ratios you calculated in Part B and additional ratios available to you in your company's folder in the ACC00724 MySCU site.

Using these figures, evaluate the CCC and each of the areas that make it up with a view to identifying areas of strength and weakness. Give brief suggestions for actions the company could take to make improvements, noting any potential benefits and costs

Approximately 400 words.

D. Further Company Analysis

(12 marks)

Based on the ratios over three years you have calculated, along with additional ratios available in your company's folder on the ACC00724 MySCU site, analyse and evaluate the company's profitability, efficiency, liquidity, financial gearing and investment performance. Ensure you also provide an overall summary that links together your major findings for each category of ratios.

Approximately 750 words.

Note: Do not repeat any detailed analysis you may have done in Part C to analyse and evaluate efficiency. However, you can use your major insights from the Part C analysis to briefly inform your evaluation of efficiency.

MARKING CRITERIA	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	POOR
Quality of the analysis of Statements of Cash Flows (Part A)	Accurate, comprehensive, well-structured. Explanations demonstrate surprising insight into the company's business activities and their cash flow implications. (8 to 9 marks)	Accurate, comprehensive and well-structured. Explanations demonstrate insight into the company's business activities and their cash flow implications. (7 marks).	Mostly accurate, comprehensive and well-structured. Some explanations demonstrate insight into the company's business activities and their cash flow implications. (6 marks).	Mostly accurate with a structure that can be followed but lacks comprehensiveness and/or contains very few explanations. (5 marks).	Mostly inaccurate or incomplete analysis. Explanations, if given, demonstrate little understanding of the company's business activities and their cash flow implications (0 to 4 marks).
Accurate calculation of ratios for allocated company for the years 2018, 2019 and 2020. Calculation includes formula, workings and answer in correct format. (Part B)	Correct input data used. Formula, workings and all final calculated figures are correct. (6 marks)	Mostly correct input data. Formula, workings and all final calculated figures are correct. (5 marks)	Correct input data used. Formula, workings and all final calculated figures are mostly correct. (4 marks)	Mostly correct input data. Formula, workings and all final calculated figures are mostly correct. (3 marks)	Mostly incorrect inputs and techniques (0 to 2 marks)
Quality of the evaluation of working capital management, including calculation of cash conversion cycle (CCC) for 2018, 2019 and 2020 (Part C)	Accurate and well-structured. CCC and component ratios are interpreted and evaluated in terms of strength and weakness. Suggested actions for improvement flow from the evaluation and are appropriate given the company's context. Benefits and costs of the suggested actions are explained. Surprising insight is demonstrated. (7 to 8 marks)	Accurate and well-structured. CCC and component ratios are interpreted and evaluated in terms of strength and weakness. Suggested actions for improvement flow from the evaluation and are appropriate given the company's context. Benefits and costs of the suggested actions are given. Insight is evident. (6 marks)	Mostly accurate and well-structured. CCC and component ratios are interpreted and evaluated in terms of strength and weakness. Suggested actions for improvement flow from the evaluation. Benefits and costs of the suggested actions are given. Some insight is evident. (5 marks)	Mostly accurate and with a structure that can be mostly followed. CCC and component ratios are interpreted but this may be mostly mechanical. Provides some evaluation in terms of strength and weakness. Some suggested actions for improvement and their benefits and costs are given. (4 marks)	Mostly inaccurate or incomplete. Poor structure and/or written expression may mean the analysis and evaluation cannot be followed. (0 to 3 marks).

<p>Quality of the analysis and evaluation of company's financial performance and position, including each of the following areas: profitability, efficiency, liquidity, financial gearing and investment performance. (Part D)</p>	<p>Accurate and well-structured. Interprets ratios and provides explanations that are supported, where relevant, by well-incorporated, broader information about the company. Evaluates each area of performance/position and provides an overall evaluation that links together these areas. Surprising insight is demonstrated throughout. (11 to 12 marks).</p>	<p>Accurate and well-structured. Interprets ratios and provides explanations that are supported, where relevant, by well-incorporated, broader information about the company. Evaluates each area of performance/position and provides an overall evaluation that links together these areas. Insight is evident. (10 marks).</p>	<p>Mostly accurate and well-structured. Interprets ratios and provides some explanations that incorporate broader information about the company. Evaluates each area of performance/position and attempts an overall evaluation. Some insight is evident. (8 marks).</p>	<p>Mostly accurate with a structure that can be mostly followed. Interprets ratios but this may be mostly mechanical. Evaluates most areas of performance/position and attempts an overall evaluation. (6 marks).</p>	<p>Mostly inaccurate or incomplete. Poor structure may mean the analysis and evaluation cannot be followed. (0 to 5 marks).</p>
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