TOPIC; Financial Analysis

Description

The basic requirement is to undertake a general financial analysis, comparing financial position and performance over the two most recent financial years, of an ASX listed company. The annual report for the chosen company should be available on the company website. Note: You are to use the ‘consolidated’ data in conducting your analysis. The analysis should consider each of the following financial ratios: - profitability and market performance - efficiency, - liquidity, - capital structure Note: You are only required to look at the most recent financial report. For those ratios which involve averages, you will calculate an average for the most recent year only, the prior year ratio calculation will NOT consider average calculations. This assignment will contain two elements: 1. Schedule(s) of relevant ratios and other useful calculations - The detailed calculation of relevant ratios and other useful calculations should be included, as one appendix, prepared using Excel. An example template is provided under the assessment 2 information, FINA6017 appendix layout - Blank.xls. - You will be advised by your facilitator as to which ratios to calculate. - You are advised to show the formulae used in determining particular ratios and other figures. 2. A written report The written report is the main element of this assessment. A sample template is provided under the assessment 2 information, FINA6017 Assignment Suggested Layout - Blank.doc. The written report should: - Explain what is revealed by the ratios and other calculations, in the context of the company’s profitability, asset efficiency, liquidity, capital structure, and market performance. - In particular, any important changes over the two financial years should be identified, discussed and, where possible, explained. - Provide an overall assessment of whether the company, over the recent financial year, has been better than the previous financial year, in the perspective of existing equity investors (shareholders). In preparing this report, you should: - analyse the financial statements of the business; - identify key ratios and apply ratio analysis; - argue the case of why the organisation may or may not succeed in the future and what the business should be doing to help it succeed; - consider the impact of the political and competitive environment on the business; - discuss relevant ethical considerations when an organisation becomes insolvent; - include external factors that need to be taken into consideration and the likelihood of a merger or acquisition; - provide a recommendation, that is, would you invest in this company after your own analysis or under what circumstances would you buy/save the business? Points to consider I. You are encouraged to seek and use additional public information about the company from sources, other than the annual report (for example, the internet, journal articles, newspapers, and business magazines). II. However, it is NOT envisaged that you will be engaged in extensive research of this nature and it is expected that the annual report will be the primary resource relied upon, in completing the assignment. III. You are asked NOT to try and make direct personal contact with the company or its officers (for example by telephone, fax, letter or email), in an attempt to gather further information. IV. It is important to note that you must NOT reproduce company promotional material from the annual report or company website and represent it as critical analysis. V. You will be provided relevant share price data by your facilitator for the company so that investment ratios (such as a price earnings ratio) can be calculated. VI. You may find it useful to consult accounting references, in addition to the prescribed text, which deals with the analysis and interpretation of company financial reports. VII. It is essential that you use the appropriate APA 6th referencing style, for citing and referencing research. Please see more information on referencing here: http://library.laureate.net.au/research\_skills/referencing As this is a Masters-level subject, students are expected to engage with high quality academic journal articles, using the Torrens University Library: http://library.laureate.net.au. Textbooks, Wikipedia and, in general, anything that can be obtained through an open Google search page, are considered supplementary materials, unbecoming of a postgraduate.