**Word Limit: 1500words in total (excluding executive summary, tables, appendix and references)**

The title page, reference list, executive summary, tables, and the appendix are not included in the word count. Word count guides for each section are presented below.

REQUIRED

Your client has been approached to be a non-executive director on the board of Amcor [ASX code: AMC] and has asked for your assistance to help investigate the organisation. You will advise her on the organisation’s background and history including some key financial performance indicators. You will base this information on your analysis and interpretation of the financial statements contained within the last two available end of year Annual Reports (check their website - https:// www.amcor.com/investors/financial-information/annual-reports) for 2020 and 2021 financial years, and any other information that you deem important in her decision-making, such as social and environmental considerations and/or potential governance/ethical issues.

Provide a formal written report, making sure you address the following CHECKLIST POINTS:

1. Provide a brief overview of the organisation and its operations (approximately 200 words). Use information from sources outside of the Annual Report. Ensure all sources are properly referenced. NOTE: A separate Executive summary at the start will require only the key points about the organisation and the key findings from your analysis.

2. Calculate and present the results of your financial statement ratio analysis for the organisation using the ratios in Table 1:

o Use your own table to present a summary of the results of your analysis (for 2 years).

o Use 2 decimal places for results and present in an appropriate form i.e. 1:2; %, days

o Do not show the detail of your calculations in your table (refer to Point 3).

Use the ratio formulas provided in chapters 7, 8 & 9 of your text (Cunningham et al 2021) for your calculations – please ONLY use Cunningham et al formulas.

3. Create an appendix to show your ratio calculations. You MUST include details such as the written formulas and data used to complete the financial statement ratio analysis. This may be prepared in an Excel worksheet but needs to be cut and pasted into a WORD document as a table NOT a picture. No word count limits on the appendix.

4. **Explain** how each of the ratios helps your client in their decision-making. In other words, explain the ratios as you present your answers and **interpret** what the results mean. Read widely and reference more than one source of information (approximately 350 words).

5. **Analyse** and **critically** evaluate the organisation using your financial statement ratios and other information researched to support your arguments (approximately 250 words).

6. Identify, explain, and evaluate the organisation’s social and environmental impact, as well as potential ethical and/or corporate governance issues. Hint: You will need to read more widely, beyond the annual reports and financial statements (approximately 200 words).

7. Use correct in-text referencing and provide a Reference List in accordance with the Harvard Referencing System. Use the Harvard Referencing Guide from the University of Tasmania’s Library website (<https://utas.libguides.com/ld.php?content_id=21757934>)

**Table 1 Ratios to use in your financial statement analysis**

|  |  |
| --- | --- |
| **Profitability** | Net profit margin |
|  | Gross profit margin |
|  | Return on assets (ROA) |
|  | Return on Equity (ROE) |
|  | Operating cash flow margin |
|  |  |
| **Liquidity** | Current ratio |
|  | Quick ratio |
|  | Inventory turnover |
|  | Accounts receivable turnover |
|  |  |
| **Financial flexibility** | Debt ratio |

**STRUCTURE THE REPORT AS FOLLOWS:**

Using WORD document only: (See the sample report template

a. Title page – as per the sample - include your name & ID

b. Executive summary – One paragraph on the first page by itself

c. Table of contents – on a new page by itself

d. Introduction **(approximately 300 words)**

i. Scope, method, limitations, assumptions (one or two sentences each)

ii. Overview of the company and its operations (Point 1(200 words))

e. Analysis of the company over two years (Points 2, 4(350 words), 5(250 words)): **(approximately 600 words)**

i. Overall results (summary of your findings using full sentences – not dot points)

ii. Profitability

iii. Liquidity

iv. Financial flexibility

f. Social & environmental, ethics and/or corporate governance issues (Point 6) **(approximately 200 words)**

g. Discussion and conclusions **(approximately 200 words)**

h. Recommendation (recommend or not – you must justify the reasons for the recommendations and reflect on any potential risk factors) **(approximately 100 words)**

i. Limitations (eg. in using financial statement analysis) – Professional language only. Identifying readily accepted limitations of ratios. DO NOT use this as a place to ‘complain’ about limited access to company information. External users must always work within the bounds of publicly available information **(approximately 100 words)**

j. List of References (Point 7 - Harvard Style of referencing)

k. Appendix (Point 3)

FURTHER INFORMATION

• Use the consolidated financial statements.

• Use the figures as given in the statements (i.e. in millions); only round final result (2dp)

• Terminology: Net income = Profit for period

• Be concise in your writing. Make good use of tables to present overall results (words in tables do not count). Avoid using graphs. Graphs are not needed.

• Follow the rubric provided at the end of this document.

• Use ONLY a WORD format for your report. Do notsubmit PDF files. Use EXCEL to help prepare professional looking tables but these MUST be copied as tables (not images) into the final WORD document. Copy – right click – Paste Options: Use destination style to paste. Do not paste anything as a “picture U”. Tables embedded as images will not be marked.

• Your report must be presented as one complete file. Only ONE file will be marked.

• Finally, this is an individual assignment. No collaboration. No sharing. This means NO posting calculations or your interpretation of any findings. This could be construed as sharing your work with others, which is reportable as a potential breach of academic integrity.

YOUR FIRM’S NAME (CREATE A FIRM NAME)

bfa526 Financial statement ANALYSIS assignment

SEMESTER X 202X

Insert here any additional information needed for your report eg. (A short title instead of the long version noted above – then transfer the short title to the header on following pages)

COMPANY BEING ASSESSED

DATE OF REPORT

[REPORT TITLE]

COMPLETED BY: YOUR NAME AND STUDENT ID

executive summary

Executive summary (no more than 250 words – not counted in word count)

The executive summary is exactly as its name suggests: a concise summary of the entire report for busy executives who do not have the time to read the report in detail. It should include information about: the objectives/purpose of the report and the scope, what you did and how you did it (analysis and methods), a summary of the main/significant findings, and main recommendations.

For the purposes of this assignment, the executive summary should be single spaced.

DO NOT use subheadings, dot points, or direct quotes in the executive summary.

This the only paragraph on this first page.

# TABLE OF CONTENTS

Executive Summary 2

Heading 1 3

Sub-heading 1.1 3

Sub-heading 1.2 4

Your table of contents can go here **start on a NEW page**. If you are familiar with ‘word’ you can use “insert” a cover page, and/or create a table of contents by applying ‘Heading Styles’ from the “Style” tab. Click where you want to insert the table of contents. Go to “references” on top tab, table of contents (far left icon). You can then automatically update your table of contents as you go by right clicking over the contents and choosing update entire table…. Otherwise just type it out manually.

# INTRODUCTION

* 1. **Authorisation and Purpose**

One or two sentences stating the purpose of the report and who commissioned it (i.e. your client – give them a name).

* 1. **Scope**

Note here the extent of your report i.e. What it will cover, the main elements and any important considerations (just a sentence or two).

* 1. **Method**

Briefly (one or two sentences) on how you gathered your information i.e. what you did.

* 1. **Limitations**

List any issues that you think may affect the reliability of your results; can use dot points to highlight 2 or 3 of the main limitations. Be professional – DO NOT mention uni assignments; word counts or time etc. This is a simulated, authentic, work-related project.

* 1. **Assumptions**

A sentence or two outlining any assumptions you made whilst gathering the information. This is only the introduction. The full details of your assumptions and limitations to your analysis should be explained later.

* 1. **Background/Overview**

A brief overview of who they are, what they do, any relevant background information you think important for this report (approximately 200 words).

# RESULTS

**Sub-heading 2.1**

This is the main body of the report and should be logically structured with headings and sub-headings to cover each of the Ratio requirements for this assignment.

* Follow the same order as listed on the assignment sheet.
* You may use footnotes to help guide your reader (if needed).
* Focus on your **key results** in each section; Remember that statements use **aggregate** information on the face of each statement and include the important detail in the NOTES to the financial statements. You MUST also read the respective notes that accompany the financial statements.

**Sub-heading 2.2**

Use a new sub-heading for each part of your analysis. Eg. Use this area to present each category of ratios and another sub-heading for each of the specific ratios. Do not forget to clearly **explain** AND **interpret** what the figures and numbers mean.

**Sub-heading 2.3**

Make use of tables, to help present your results in a concise and succinct manner. It is strongly suggested that you use tables (either in word or excel) to present a professional look to your analysis. Each table will need to be appropriately titled. Please ensure you use 2 decimal places for all your results AND CLEARLY use an appropriate description for what your result represents eg. Percentage; 1:2; times; days; $.

Columns and rows of individual numerals is not appropriate.

# DISCUSSION

Keep in mind that you do not necessarily have to report on every little component – only if you find potential areas of concern or risk. You will still need to report that you have assessed everything but what you write up in your report are the main issues. In your discussion of the specific areas identified in the assignment document you will need to refer to your findings and refer to the section numbers you have used in your report. Feel free to adjust this template to suit your needs but any changes MUST be logical and improve the overall presentation of your report.

# SOCIAL & ENVIRONMENTAL; GOVERNANCE & ETHICS

In this section you need to identify, explain, and critically evaluate other important information that should be analysed and considered such as: Sustainability, Social and Environmental impacts, Ethics and/or Corporate Governance information. Remember to use formal professional language, full sentences, and correctly styled paragraphs that link together in a logical and well-structured manner.

Respect the need to only use credible sources of information and ensure you properly reference here in text as well as in the reference list at the end. Direct quotes must be clearly identified as such and include page number references as well. You will need to use multiple sources of evidence to substantiate any claims you make in relation to this type of non-financial information (approximately 200 words).

# CONCLUSION

Your conclusion should be consistent with your introductory section (although not with individually listed parts). In your conclusion you should summarise your report findings. Do not include new information in your conclusion. Focus on your results and explain what the issues might be. You should also reiterate how the purpose of the report has been fulfilled (or not).

# RECOMMENDATIONS

Recommendations should be based on your conclusion (which is why it comes after the conclusion in a report). You may or may not have a list of recommendations. Keep it brief. Simply state a suggested course of action/s. Your recommendation may be that no action is required.

# LIMITATIONS

You should make a note here about the limitations of financial analysis and financial report data generally, and the nature of the other information and its sources. Keep it brief. Be factual and objective. You need to imagine you are providing professional advice. It is not appropriate to complain about the assignment or the lack of information in any area. You need to be professional here.

# REFERENCES *(IMPORTANT – MUST START ON A NEW PAGE)*

For a guide on the correct format for Harvard referencing please go to: <https://utas.libguides.com/ld.php?content_id=21757934>

# APPENDIX - *(IMPORTANT – MUST START ON A NEW PAGE)*

You need to include here a table of ALL your calculations and formulas used for each ratio. Clearly set out and cross reference where appropriate. Use an EXCEL spreadsheet to set out and show all workings BUT this must then be cut and pasted in the main WORD document.

To help guide your reader from the body of your report to the appropriate area within your appendix you should give each section in your appendix a number or letter eg. Appendix 1: Profitability Ratios Appendix 2: Liquidity Ratios etc. (use your own numbering and order to ensure it matches what you have presented in your report).