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7901AFE Accounting and Reporting
ASSIGNMENT 2
Semester 2, 2016

DUE DATE: Sunday 9th October 2016

DUE TIME: 23:59

WEIGHTING: 35%

REQUIREMENTS:

1. Students are required to complete the project individually.
2. Complete the requirements set out below.
3. All answers must use proper English expression and grammar.
4. Word limits are a maximum number of words required.
5. The assignment is marked according to the attached rubric.
6. Assignment Coversheet - In addition to submitting your files for each assignment you MUST also submit a completed Assignment Coversheet indicating that you acknowledge all of the statements in the Academic Integrity Declaration

SUBMISSION:

The assignment is to be submitted via the submission point in /Assessment folder.

WORD LENGTH: 2000 – 2500 words

Required:

Using the same company that you were allocated for Assignment 1 obtain the 2013 and 2015 Annual Reports from your company's website.

**A. Consolidated Statement of Financial Position for 2015 only
(7 marks)**

1. What depreciation method is used for reporting of property, plant & equipment (PPE)? Does the company disclose assumed useful lives for depreciation purposes? If so, what are the useful lives of the main categories of PPE?
2. How is recoverable amount calculated?
3. What were the total PPE additions, disposals and depreciation expense for the period?
4. For each PPE category, what is the gross balance, accumulated depreciation and carrying amount at year end? What proportion of the gross balance is the depreciation expense for each category?
5. What categories of intangible assets are reported, and what are their amounts?
6. How much is owed on non-current borrowings at year-end? How much is owed on current borrowings?
7. What were the total financing costs (interest expense) for the period?

B. Income Statement for 2015 only (3 marks)

1. What is the total revenue from the companies operations? What are the operations that these were derived from?
2. What is the profit of the company? There are a number of profit figures available. What are they, how are they different and what is the best one to use?
3. Explain in an accounting sense what happens to the profit/loss at the end of the period.

C. Consolidated Statement of Cash Flows for 2015 only (5 marks)

1. Summarise the total net cash flows for each of the 3 categories of cash flows. Which category provided the majority of cash inflows? Which category had the greatest outflows? Is this a healthy picture?
2. What were the primary cash inflows and outflows?
3. How much cash was received on the sale of property, plant and equipment during the period?
4. How much profit did the company make and how much cash is available at balance date? Explain the relationship between profit and cashflow and discuss the reason for the differences in your companies reported figures.

D. Financial Statement Analysis for 2015 only (10 marks)

1. Using the consolidated income statements and balance sheets, prepare a % common size analysis for 2012-2015 of the income statement to the profit for the period as a percentage of revenue, and for the balance sheet.
2. Using the consolidated income statements and balance sheets, prepare a trend analysis for sales, cost of sales and operating profit. Where cost of sales is not available please use total expenses.
3. For the past 4 years, calculate all ratios from the Hancock et al (2015) 7901AFE textbook Chapter 10. Where a ratio cannot be calculated please provide a brief note on the reason.
4. On the basis of your calculations in parts D1 – D3 discuss the profitability and financial situation of the business and any relevant issues.
5. Evaluate the prospects of the company.

E. Question from Hancock et al (2015) 7901AFE textbook Chapter 10 (10 Marks)

Complete Chapter 10: Problem 14 (pages 354 – 357) as required:

- a. Analyse the company's financial position, indicating the causes of the present situation and recommending future policy. What are the implications of the continuation of the company's present practices?
- b. Indicate the limitations of your analysis.
- c. What additional information (if any) would you like to assist you with your analysis?



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