**School of Business and Economics** 

**BSP008 RESIT**

**Accounting for Decision Making**

**Financial performance and position of an organisation in the sports industry.**

**Coursework Weight: 40%**

**Coursework Deadline: Tuesday 5th September 2023 at 11am**

**Resitting students: The student must focus their research on a different company in the sports industry to that submitted on their first attempt.**

Coursework Task

This assignment is designed to assist you to understand and apply financial analysis concepts and techniques. The intention is to help you appreciate the linkages between accounting and business practice as well as accounting and your other modules.

**Scenario**

You are part of the accounting and finance department of an organisation operating in the sports industry. The CEO has asked you to provide a detailed analysis on **one area** of the firm’s performance, based on the **last three years** of accounts.

You should choose **one** of the following areas:

* Profitability (revenue, overheads margins, ROCE decomposition)
* Working capital (inventory, receivables, payables, unearned income)
* Asset utilisation (operating assets and non-current assets)
* Capital expenditure and financing (non-current assets and long-term financing)

Pick an area where something has changed in a material way over the three years. **You will need to calculate the performance metrics relevant to the area you are examining to guide you with this analysis**.

Your analysis should be supplemented with any other information that you believe to be relevant. You should identify any limitations to, and constraints, on your analysis.

You must **not** choose any of the companies discussed in the lectures or seminars. If in any doubt, please ask the module tutor for guidance on your company selection.

**Task**

Prepare:

A **1,000-word written report** providing an Executive Summary of your key findings focusing on the most important of them.

Your report should include the extracts from the financial statements that you used to calculate the metrics referred to in your report in the appendices.

The word limit does not include tables, references and metrics workings. Tables, metrics and charts should be included in the report and not added in appendices, although the workings for the metrics should be in the appendices.

The report should be submitted through the on-line submission point on the module Learn page as a **single** PDF file. Your submission will be checked within Turnitin to ensure that your work is original.

Guidance Notes

**Substance**

Your statements and figures for the analysis detailed above should provide sufficient detail on research, assumptions and compilation of the figures produced such that the CEO will be able to see clearly that:

* The changes you have identified are clear as are the implications for the business going forward.
* Your analysis has been well researched.
* You have thought through potential issues and have made appropriate choices in terms of which metrics to use.
* You have understood the principles and methods covered in the module.

You can assume that the CEO has a reasonable level of financial literacy and that you do not need to explain common accounting terms, what each of the metrics shows or their definitions.

**Metrics**

You can use the following definitions without attribution or giving the definitions in your report.

**Working capital activity metrics**

* Inventory days = inventory /cost-of-sales x 365
* Days-sales-outstanding = trade receivables / revenue x 365 [revenue from credit sales]
* Days-purchases-outstanding = Trade payables / cost-of-sales x 365
* Days-free-cash = days-purchases-outstanding -inventory days -days-sales-outstanding
* Days-to-be-financed = inventory days +days-sales-outstanding days -days-purchases-outstanding

**Derived balance sheet values**

* Working capital = current assets –current liabilities
* Capital employed = non-current liabilities +owners’ equity = working capital +non-current assets = Operating assets

**Financing metrics**

* Current ratio = current assets / current liabilities
* Financial leverage ratio = capital employed / owners’ equity

**Activity metrics**

* Asset turnover = revenue / capital employed
* Non-current asset turnover = revenue / non-current assets

**Margins**

* Gross margin = gross profit / revenue
* Operating margin = profit before interest and tax (PBIT) / revenues = Gross margin -overheads margin
* Net margin = profit after tax / revenue
* Cost-income ratio = other operating expenses / gross profit = efficiency ratio

**Profitability**

* Return on capital employed = PBIT / capital employed = asset turnover x operating margin
* Return on equity = profit after tax / owners’ equity = net profit margin x asset turnover x financial leverage ratio
* ROE = ROCE x CE/E x (1 –tr) –D/E x rd + D/E x rd x tr where tr is the marginal tax rate and rd is the rate charged on debt (D).

**Other Information**

All marks are provisional until ratified by the formal examination boards.

You need to ensure you back up your coursework and any other important documents. Information on data storage can be found here: <http://www.lboro.ac.uk/services/it/student/storage/>

Losing your work through technical failure is not a valid reason for a Mitigating Circumstances claim or a coursework extension request.

If you have any other problems with meeting the deadline for this coursework you may wish to request a 48-hour extension and/or submit a Mitigating Circumstances claim. This must be requested in advance via:

Coursework Extension Link: <https://www.lboro.ac.uk/students/handbook/exams/extensions/>

Mitigating Circumstances Link: <https://www.lboro.ac.uk/students/handbook/exams/mitigating-circumstances/>

Word Count and Format

***The word count guide for the document is not more than 1,000 words. Please state the word count on the first page of your assignment.***

The word limit does not include tables, references and metrics workings. Tables, metrics and charts should be included in the report and not added in appendices, although the workings for the metrics should be in appendices.

All material (academic and other) that you cite should be properly referenced in the text and in the reference list (in Harvard style) at the end of your report.

Coursework Marking Rubric

Students’ work will be assessed as follows:

Written Report 100%

Please see the rubric at the end of this coursework brief for further details of the criteria against which you will be assessed, and descriptors of performance on the coursework for each assessment criterion.

Coursework Submission

**Submission date**

You are required to submit your coursework via the **on-line submission point** before **Tuesday 5th September 2023 by 11am.**

**Return of marked work**

Work will be marked and handed back before the commencement of the exams.

The deadline date is provided above.

You must use the following file naming convention for your work. **You should not include your name anywhere on your assignment**. You should also include the filename in the header of your assignment.

**StudentNumber – Module code – Coursework component** (e.g. F123456-22BSP008-SAPCW1)

**IMPORTANT NOTE:** You need to ensure you back up your coursework and any other important documents.   Information on data storage can be found here: <http://www.lboro.ac.uk/services/it/student/storage/>.

Losing your work through technical failure is not a valid reason for a Mitigating Circumstances claim or a coursework extension request.

Extensions and Mitigating Circumstances

If you have any other problems with meeting the deadline for this coursework you may wish to request a 48-hour extension and/or submit a Mitigating Circumstances claim. This must be requested in advance via:

Coursework Extension Link: <https://www.lboro.ac.uk/students/handbook/exams/extensions/>

Mitigating Circumstances Link: <https://www.lboro.ac.uk/students/handbook/exams/mitigating-circumstances/>

Consultation and Feedback

The lecturer(s) are available of course for consultation and queries between class sessions and the assignment deadline.

Provisional marks and feedback should be available by XXXXXX. All marks are provisional until ratified by the formal examination board

**Mark Wordley**

**Elaine Conway**

August 2023

**Marking rubric for 22BSP008 – Accounting for decision making**

**Written report (100%)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Performance Appraisal Concepts (35%)** | **<30** | **30-39** | **40-49** | **50-59**  | **60-69** | **70-79** | **>80** |
| ***Selection and explanation of metrics and performance overview. Integration of a range of financial performance appraisal concepts to the company context, relevant to the criteria selected (e.g. profitability, working capital, asset utilization, capital expenditure and financing).*** | Major misunderstanding of how performance appraisal concepts can be applied to the case. Absent or nearly absent application of performance appraisal techniques and major misconceptions present.  | May display misunderstanding of how performance appraisal concepts can be applied to the case. Very little application of performance appraisal techniques and major misconceptions present.  | Some relevant understanding of how key performance appraisal concepts can be applied to the case. Little application of performance appraisal techniques and major misconceptions present. | Relevant understanding of how key performance appraisal concepts can be applied to the case. Some competence in application of performance appraisal techniques although there may be major misconceptions present. . | Relevant and competent understanding of a wide range of performance appraisal concepts to the case. Competence in application of performance appraisal techniques although there may be minor inaccuracies present. | Relevant, competent and thorough understanding of a wide range of performance appraisal concepts to the case. Accurate and thorough application of performance appraisal techniques. | Relevant, competent and innovative understanding of a wide range of performance appraisal concepts to the case Accurate and innovative application of performance appraisal techniques. |
| **Financial Performance Appraisal (50%)** |  |  |  |  |  |  |  |
| ***Evaluation of financial performance and/or position, strength of analysis and discussion, and coherence of conclusion,*** ***relevant to the criteria selected (e.g. profitability, working capital, asset utilization, capital expenditure and financing).*** | Absent or very confused analysis and discussion of the metrics. No conclusions are drawn from the appraisal concepts applied. No or little insight into the context in which the company operates. | Confused analysis and discussion of the results. Very limited conclusions are drawn from the appraisal concepts applied. Very limited insight into the context in which the company operates | Some relevant yet limited analysis and discussion of the results. Basic conclusions drawn from the appraisal concepts applied. Limited insight into the context in which the company operates | Relevant analysis of key results. The discussion is largely descriptive. Partially coherent conclusions are generated from the appraisal concepts applied. Partial insight into the context in which the company operates | Relevant and competent analysis of the results. The discussion is substantial and allows for good insights to be drawn. Conclusions are coherent with the data presented and are linked to the context in which the company operates. | Relevant and competent analysis of the results. The discussion is substantial and produces high-quality insights. Conclusions are coherent and provide a very good integration between the results of the analysis and the overall context in which the company operates.  | Innovative analysis of the results. The discussion is substantial and produces significant high-quality insights. Conclusions are coherent and provide an excellent integration between the results of the analysis and the overall context in which the company operates.  |
|  **Overall report presentation (15%)** |  |  |  |  |  |  |  |
| ***- Clear structure and case, originality of thought.***  | Very poor presentation, illogical structure and no originality of thought. Incoherent arguments and lack of critical analysis of the situation. No or extremely limited referencing of relevant sources. No or extremely limited evidence of research. Poor linkage to PowerPoint presentation. | Poor presentation, illogical structure and no originality of thought. Incoherent arguments and lack of critical analysis of the situation. Very limited referencing of relevant sources. Very limited evidence of research. Very limited linkage to PowerPoint presentation. | Suboptimal presentation. Limited coherence in structure and limited originality of thought. Major errors in referencing may be present. Limited evidence of research. Limited linkage to PowerPoint presentation. | Generally clear presentation that could benefit from some re-structuring. Part of the work shows originality of thoughts.. Arguments supported by referencing of mostly relevant sources. Evidence of research on key aspects of work. Linkage to PowerPoint presentation. | Clear presentation that is easy to follow. Coherent structure and evidence of originality of thought. Arguments supported by appropriate referencing of relevant sources. Evidence of wider research on most aspects of work. Arguments supported with linkage to PowerPoint presentation. | Clear presentation that is easy to follow and pleasant to read. The report is original and professionally presented. Coherent structure and logical flow supported by very good referencing of relevant sources. Evidence of very good research on all aspects of work. Arguments well supported with linkage to PowerPoint presentation | High quality presentation that is easy to follow and pleasant to read. The report is original, creative and professionally presented. Coherent structure and logical flow supported by outstanding referencing of relevant sources. Evidence of outstanding research on all aspects of work. Arguments very well supported with linkage to PowerPoint presentation |
| ***- Logical argument, critical analysis of the situation, presentation of evidence.***  |
| ***- Acknowledgement of relevant sources and correct citations.*** |
| ***Evidence of research*** |