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| Financial analysis  Final Assessment |
| Skyscraper Ltd Financial Analysis Due Date  <To be added> |



## Assessment Overview

The purpose of this assessment is to test your ability to apply the knowledge you have learnt from this course, Financial Analysis. Below you will be presented with a briefing from a company known as Skyscraper Ltd.

The company is looking to raise finance to fund its strategic plan for the next year. Skyscraper is hiring you as a management consultant to complete an analysis of their finances, review their strategic plan, make recommendations on what actions the company can take to improve its financial position and whether their strategic plan makes sense based on your financial analysis.

Skyscraper will provide you with financial details that they are using to raise the money necessary to fund their strategy. They need your analysis to complete the prospectus.

The prospectus document contains all the information necessary to complete your financial analysis, strategic review and to make your recommendations.

This is a simulated consulting project. Therefore, it is expected that you will write and present your report in a professional fashion with appropriate spelling and grammar. Write the report as though you were a management consultant providing it to a client.

On the next page you will find the Client Brief which is provided to you by the CFO of Skyscraper. The Client Brief will provide you with all the requirements and what Skyscraper expects in the final report. The final report itself constitutes your assignment and is what you will be graded on.

Note, all currencies are in US Dollars and all financials are provided until the end of 2023.

## Client Brief

**Company Name**

Skyscraper Ltd

**Company Summary**

Skyscraper Ltd is an insurance company based in New Zealand. They provide insurance for cars, contents and home.

It has been operating for 10 years and has recently been listed on the stock exchange, with shares trading at USD0.69 each.

The company has done well the last few years and now wants to expand its insurance offerings into the business sector. To expand into this sector, they will need to raise additional debt.

You have been hired as a Management Consultant to analyse the current financial position of Skyscraper and help them develop a budget and recommendations in order to achieve their strategic plan.

The Board of Directors have asked you to do a complete financial analysis of the company, complete a cash budget, review the strategic plan of the company, make recommendations on this strategy, and provide a statement on the solvency or insolvency of the company as it relates to the Indian Insolvency and Bankruptcy Code 2016.

**Information Provided**

You have been provided with the company’s financials which the board plans to use to secure the funding for the strategic plan. Financial documents provides all the information necessary to complete your findings and recommendations.

**Requirements**

Skyscraper Ltd needs you to provide them with a thorough report on findings and recommendations for the following areas:

1. Write an executive summary that summaries your findings.
2. Provide a complete financial analysis of the company, including Viability, Liquidity, Working Capital Management and Solvency.
3. Create a monthly cash budget for the 1st quarter of 2024.
4. Review the current strategic plan for Skyscraper. Determine the likely success of this plan and provide recommendations, based on the financial analysis, of how this plan can be improved.
5. Provide a statement on the solvency or insolvency of the company as it relates to the Indian Insolvency and Bankruptcy Code 2016. Are the board of directors meeting their obligations by running a solvent organization?

**Report Length**

The report is expected to be approximately 3000 words.

**Skyscrapers Expectations**

1. A thorough and in-depth financial analysis which provides very meaningful information about the financial position and performance of the company.

*Note:* The liquidity, working capital management and solvency analysis should be based on the 2023 and earlier financial information within the prospectus.  
  
For the viability analysis, the company is interested in a break-even review for 2024 financial year only. The information for the viability analysis is provided in the financial link below under Break-Even analysis in the spreadsheet.

1. An accurate cash budget. The information necessary to complete the cash budget is provided in the financial information below.
2. A detailed account of the likely success of the current strategic planning based on the exact numbers from the financial analysis and cash budget. This should include recommendations on how the company might structure its strategic planning to achieve success based on the details from the financial analysis. Make sure to consider the financial consequences to the viability, liquidity and solvency of company if they executed their strategic plan as stated.
3. The Board of Directors require a review of their solvency position as it relates to Indian Insolvency laws. Are the company directors in compliance with their directors’ duties in India. Please provide appropriate references to the law to justify your findings.

Skyscraper thanks for your support in the analysis of the business and looks forward to a professional report providing your findings and recommendations.

Board of Directors

Skyscraper Ltd

## Financial Information

## Information for Financial Analysis

The following information was provided by the SkyScraper Limited accounts department. It provides you with all of the information necessary to complete the analysis of the financial health of the company. It consists of the Balance Sheet, Income Statement and information for the break-even analysis.

The financial year is from 1st January to 31st December.PFA the excel sheet

## Financial Information for the Cash Budget

The board has asked you to create a cash budget for the first three months of the 2024 year. This would coincide with quarter 1. You can download the excel file for the cash budget information below. PFA the excel sheet

## Strategic plan

## The Quick Pitch

## Skyscraper Limited is a New Zealand-based insurance company that provides car, contents and home insurance. It has been operating for 10 years and has recently been listed on the stock exchange, with shares trading at USD0.69 each. The company has done well the last few years and now wants to expand its insurance offerings into the business sector. To expand into this sector, they will need to raise additional debt.

## The Problem

## In order to continue to compete in the sector the Board has realized they need to increase their market share. Without taking on additional insurance products and making a quick move into that market they fear that will be shut out by their competitors.

## The Solution

## Skyscraper Limited needs to raise approximately $30 million in long-term debt to continue their expansion plans. They want to expand to business insurance including Cyber. In order to achieve this they will need to fund new staff, offices, marketing and advertising.

## The funding is expected to be a bank loan and will carry an interest rate of 6%. The loan would start from the beginning of 2024.

## Our Current Strategic Planning

The current strategic plan is to expand through an increase in the product lines, moving from purely a consumer facing insurance company to also providing business insurance including public liability and cyber insurance.

In order to execute this strategy a loan of $30 million will be taken out to cover the operating costs of moving into these product verticals.

It is expected that revenue will increase by 15% in 2024 and 40% in 2025. Operating expenses are expected to increase by the same percentages.

The board would like you to review this plan of expansion and based on the financials of the company determine if this is a viable strategy for the company, and will it be able to safely cover the interest costs. It should be noted it would be expected that the loan would be repaid in 10 years.

**Table 1- Assessment Rubric**

The following rubric provides you with the grading standards for each major criteria for the assessment. Each criterion is given a total number of marks which are then associated with the grading levels from pass to high distinction.

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| **Criteria** | **N (0-7)** | **N (8-14)** | **P (15-18.75)** | **C (18.75-22.5)** | **D (22.5-26.25)** | **HD (26.25-30)** |
| **Provide a complete financial analysis of the company**  **(30 marks)** | The financial analysis completely missed one of viability, solvency and liquidity. The analysis shows almost no relationship between these elements with little or no reasons for the current financial state of the company. | The financial analysis takes into account very few parts of the viability, solvency and liquidity elements of the business. The analysis shows a poor relationship between these elements with little knowledge of the reasons for the current financial state of the company. | The financial analysis takes into account some parts of the viability, solvency and liquidity elements of the business. The analysis shows cursory relationships between these elements with only partial knowledge of the reasons for the current financial state of the company. | The financial analysis takes into account many parts of the viability, solvency and liquidity elements of the business. The analysis shows some relationships between these elements and shows a basic knowledge of the reasons for the current financial state of the company. | The financial analysis takes into account most parts of the viability, solvency and liquidity elements of the business. The analysis shows good insights into the relationships between these elements and shows a solid knowledge of the reasons for the current financial state of the company. | The financial analysis takes into account all parts of the viability, solvency and liquidity elements of the business. The analysis shows deep and perceptive insights into the relationships between these elements and shows an astute knowledge of the reasons for the current financial state of the company. |
| **Criteria** | **N (0-4)** | **N (5-9)** | **P (10-12.5)** | **C (12.5-15)** | **D (15-17.5)** | **HD (17.5-20)** |
| **Cash Budget**  **(20 marks)** | The cash budget cannot be read at all. It is incorrectly laid out and has major mistakes making the cash budget inappropriate as a tool for assessing liquidity. | The cash budget cannot be correctly read. There are major elements missing and many mistakes leading to an incorrect cash surplus or deficit at the end of the 1st quarter. | The cash budget can be read but is not laid out correctly and is difficult to follow. There are quite a few mistakes resulting in an incorrect cash surplus or deficit at the end of the 1st quarter. | The cash budget is laid out in a partially incorrect manner a little difficult to read and shows mostly accurate figures but with a number of mistakes resulting in an incorrect cash surplus or deficit at the end of the 1st quarter. | The cash budget is laid out almost completely correctly, it is easy but one or two mistakes which results in an incorrect surplus or deficit at the end of the 1st quarter. | The cash budget is perfect with no mistakes, correctly laid out, easy to read and showing the correct cash surplus or deficit at the end of the 1st quarter. |
| **Criteria** | **N (0-6)** | **N (7-11)** | **P (12-15.25)** | **C (15.25-18.5)** | **D (18.5-21.75)** | **HD (21.75-25)** |
| **Strategic planning – review and recommendations**  **(25 marks)** | There is no or extremely limited overview of the strategic plan with little or no relationship to the financial analysis. There are no or inappropriate recommendations which do not improve the financial state of the company. | Provides a poor overview of the strategic plan as it relates to the financial analysis. The recommendations are general or not valid for the company and do not assist in improving the strategic plan. | Provides a simplistic overview of the strategic plan as it relates to the financial analysis of the company. There are a only a few valid recommendations which resolve only some of the problems related to the strategic plan. | Provides a suitable overview of the strategic plan as it relates to the financial analysis of the company. There are some appropriate recommendations, but they fail to resolve all of the problems related to the strategic plan. | Provides a meaningful overview of the strategic plan as it relates to the financial analysis of the company. There are a number of relevant recommendations that will result in an improved financial position. | Provides a comprehensive overview of the strategic plan as it relates to the financial analysis of the company. There are many in-depth recommendations that provides significant value to the company resulting in a strategic plan that will dramatically improve the financial state of the company. |
| **Criteria** | **N (0-3)** | **N (4-7)** | **P (8-9.75)** | **C (9.75-11.5)** | **D (11.5-13.25)** | **HD (14.25-15)** |
| **Analysis of company solvency**  **(15 marks)** | The statement of solvency is incorrect and is not backed up by the financial state of the business. | The statement of solvency is incorrect and is poorly backed up by the financial state of the business and the relevant legislation. | The statement of solvency is correct with only a basic relationship to the financial state of the business and relevant legislation. | The statement of solvency is correct with an adequate relationship to the financial state of the business and relevant legislation. | The statement of solvency is correct with thoughtful discussion of the relationship to the financial state of the business and well supported by the relevant legislation. | The statement of solvency is correct with an in-depth and insightful discussion of the relationship to the financial state of the business and thoroughly supported by the relevant legislation. |
| **Criteria** | **N (0-2)** | **N (3-4)** | **P (5-6.25)** | **C (6.25-7.5)** | **D (7.5-8.75)** | **HD (8.75-10)** |
| **Use of language, grammar, and structure to the report**  **(10 marks)** | The report is poorly written and presented and would be rejected by a consulting company. There is a highly undeveloped use of language and grammar with a significant number of errors. | The report is not professionally written and would not be suitable for a consulting  company. There is in undeveloped use of language and grammar with many errors. | The report is written in a partially professional manner that would only be suitable for a consulting company following modifications. The language and grammar is suitable with quite a number of errors. | The report is written in a professional manner that would be suitable for a consulting company. Use of language and grammar is correct in many situations but with a number of errors. | The report is written in a highly professional manner that would be meaningful for a consulting company. Use of language and grammar is correct in most situations with a small number of errors. | The report is written in an excellent professional manner that would be compelling for a consulting company. Use of language and grammar is exemplary with effectively no spelling or grammatical errors. |
| **Overall**  **100** | **N**  **0 or above** | **N**  **30 or above** | **P**  **50 or above** | **C**  **60 or above** | **D**  **70 or above** | **HD**  **80 or above** |