# Diploma in Financial Management

# PROJECT DA2, INCORPORATING SUBJECT AREAS – INTERPRETATION OF FINANCIAL STATEMENTS

- INTERPRETATION OF FINANCIAL STATEM
- PERFORMANCE MANAGEMENT

All questions are compulsory and MUST be answered

The project MUST be written in English.

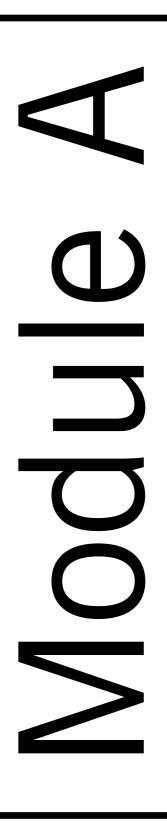
The maximum word count (including appendices and tables but excluding references and bibliography) is 5,000.

The project MUST be TYPED in black ink, one-sided, doublespaced, using a minimum 12-point font size and a 1-inch margin at each side. HANDWRITTEN SUBMISSIONS WILL NOT BE ACCEPTED. The project must be submitted by post, electronic submissions are not acceptable.

The project should be submitted on A4 paper with your student number, project name, date and page number at the top of each page.

A project submission form MUST be completed for each project submitted and attached to the front of the project.

The Association of Chartered Certified Accountants





## Background

To complete this project you have been provided with extracts from the annual report of the Ted Baker Group for the year to 25 January 2003, and an article from the Times dated 12 December 2003. Although you are required to demonstrate a general business awareness, you should not contact the Ted Baker Group for information.

When completing the project, you should assume that the date is January 2004, and you are not required to incorporate any subsequent environmental events in your analysis.

## Section 1 – Interpretation of Financial Statements

#### BOTH questions are compulsory and MUST be attempted

1 In his comments on the performance for the year to 25 January 2003, the Group Chairman says: 'Improved sales and profits were achieved as we continue to deliver on our growth strategy.'

#### Required:

In the context of the stated strategy, and based on the information in the Annual Report, assess the performance of the Ted Baker Group for the year to 25 January 2003.

(40 marks)

**2** The article published in the Times on 12 December 2003 was an example of the widely accepted analysis that the retail sector was likely to experience a slow down throughout 2004.

#### **Required:**

Discuss how the influences outlined in the Times article could be expected to impact on the performance of the Group as it will be reported in the financial statements for the years to January 2004 and 2005, and any assessment of performance for those years.

(NB You are NOT required to obtain these annual reports)

(10 marks)

#### Section 2 – Performance Management

#### ALL THREE questions are compulsory and MUST be attempted

**3** The tone of the reports of both the Chairman and the Chief Executive is upbeat, and suggests that the Group is confident that growth can be maintained. However, the economic outlook as considered in the article from the Times suggests that continued growth may be difficult to achieve. As a result, it could be argued that there is a degree of environmental uncertainty. The planning process must include a consideration of such uncertainty.

#### **Required:**

Discuss how environmental uncertainty can be incorporated into the group's planning and budgeting systems.

(15 marks)

**4** Selecting appropriate Critical Success Factors (CSFs) and reporting these regularly is a widely used method of managing the strategic direction of a group such as the Ted Baker Group.

#### **Required:**

Based on your consideration of the planning and budgeting systems required by the group, identify and justify possible appropriate CSFs which should be monitored on the assumption that the Chairman and Chief Executive are justified in concluding that the group will not be adversely affected by the reported slow down in the retail sector.

(20 marks)

5 Discuss whether the CSFs identified in Question 4 will remain appropriate if the group is adversely affected by the slow down in the retail sector.

(15 marks)

**End of Project**