

A Module

Diploma in Financial Management

PROJECT DA2, INCORPORATING SUBJECT AREAS

- INTERPRETATION OF FINANCIAL STATEMENTS
- 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, double-spaced, 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

Both subject areas for this module are included in this project.

As an appendix to this project you have been provided with:

- extracts from the 2004 annual report of Stagecoach Group plc.
- a number of key ratios and other measures of performance for the last five years for both Stagecoach Group plc and a key competitor from the same industry group.

In completing your project submission, it may be useful to obtain further background information on the company and the industry in which it operates. However, your project submission is expected to be mainly based on the information provided in the appendix. Please note that you are expressly requested NOT to contact Stagecoach Group plc for information.

In that context, you should note that where the questions refer to the strategy and objectives of the company, this means insofar as the strategy and objectives can be discerned from the appendix. You are not expected to obtain detailed additional information regarding the group's strategy.

Section 1 – incorporating subject areas – Interpretation of Financial Statements and Performance Management

This ONE question is compulsory and MUST be attempted

1 Introduction

In order to complete the project you should refer to the data provided in the appendix.

You have been approached by a group of potential investors. They are investigating the potential benefits of investing in Stagecoach Group plc (hereafter referred to as ‘the Group’).

As part of their investigation, they have asked you to prepare a presentation which assesses the performance of the Group for the year to 30 April 2004. You have obtained the data which is contained in the appendix.

Required:

Prepare a presentation (including appropriate visual aids and a full text of your speech) which:

- (a) **discusses the importance of relating performance management to the organisational mission statement, strategy and objectives;** (4 marks)
- (b) **selects six ratios or other measures from the appendix which can be used to assess the performance of the Group in the 12 months to 30 April 2004 from the perspective of a potential investor, and clearly explains why these are appropriate measures of performance of the Group;** (12 marks)
- (c) **based on the measures you have selected in (b) above, assesses the Group’s performance in the context of the stated strategic objectives;** (30 marks)
- (d) **indicates how your assessment of performance of the Group is limited by using information which is available in the published financial report;** (8 marks)
- (e) **indicates how an internal management team can improve performance management through the use of a balanced scorecard;** (10 marks)
- (f) **outlines the possible content of a balanced scorecard for use in the Group (your outline should include specific performance measures which should be reported, and these measures should be justified in the context of the stated strategy and objectives of the Group).** (36 marks)

(100 marks)

End of Project

