

Designation: - Option Module - **Financial Analysis** (4265) - Research, Analysis and Academic Reading

Grade	Research, Analysis and Academic Reading
DISTINCTION	<ul style="list-style-type: none">• The candidate researches how best to analyse financial documents from a general management perspective. This will include documents generated from within the organisation, documents within the public domain from other or similar companies and from sector specific documentation available from journals, professional association, technical books, research papers etc. These should be thoroughly referenced and listed in an extensive bibliography• The focus of the research should relate to financial accounting and reporting required by regulation/law within the country/s in which the organisation operates and also follow appropriate conventions pertaining to the accounting system in force for the organisation• The candidate's reading and research should lead to competence in analysing or assessing: organisational financial efficiency and effectiveness; the interrelationship of financial management to operational and strategic management; detailed comparisons within and without the sector of operations concerning organisational financial robustness and probity; risk assessment; historical trends in financial performance that may support an assessment of future viability or operational danger; the impact of financial activity on operational strategies in both the current, short and medium term horizons• The candidate explores how the activities of this module link with the requirements of the Core Finance Management module, particularly in respect of P & L accounts, balance sheets, cash flow forecasts and the identification of how the same documents can be used for different purposes• Research leads the candidate to a competency in applying a range of financial ratios for analysis. This will include such ratios as: - ROCE, ROE, profitability, liquidity and gearing• Research by use of a range of documents, journal, papers, articles, etc. available in the public domain leads to a robust assessment of an outsider's view of the organisation's financial performance and market position, as well as future viability

Grade	Research, Analysis and Academic Reading
MERIT/PASS	<ul style="list-style-type: none"> • The candidate researches how to analyse financial documents from a general management perspective. This will include documents generated from within the organisation, documents within the public domain from the other or similar companies and from sector specific documentation available from journals, professional associations, technical books, research papers etc. These should be adequately referenced • They should focus on financial accounting and reporting required by regulation and law within the country/s in which the organisation operates and also follow appropriate conventions pertaining to the accounting system in the Country where the accounts are published • The candidate's reading and research should lead them to acquire some basic skills in analysing the following: organisational financial efficiency and effectiveness; the relationship of financial management to operational and strategic management; some comparison within and outside the sector of operations concerning the organisation's probity and financial robustness; risk assessment; trends in financial performance that may indicate future viability or 'danger' for the organisation; the impact of financial activity on operational strategies in the short and the medium term planning/operating horizons • The candidate investigates how some of the activities of this module link with those of the Core Finance Management module. This may include aspects such as P & L accounts, balance sheets, cash flow forecasts and the identification of how the same documents could be used for different purposes • The candidate develops the knowledge and skill to use a range of financial ratios. This should include such ratios as: - ROCE, ROE, profitability, liquidity and gearing • Research, making use of documents etc. in the public domain, enables the candidate to develop an outsider's view of the organisation's financial performance and market position, as well as its possible future viability

Grade	Research, Analysis and Academic Reading
FAIL	<ul style="list-style-type: none"> • The candidate researches how to analyse financial documents from a general management perspective, but this is at a superficial level. There is poor use of documents generated from within the organisation, documents from other companies or from sector specific documents • The focus is in insufficient detail on financial accounting and reporting requirements in the country/s in which the organisation operates and the conventions pertaining to the accounting system in the country where the accounts are published are not given due consideration • The candidate's reading and research leads to poor basic skills in analysing documents pertaining to: organisational financial efficiency and effectiveness; the relationship of financial management to other aspects of management; comparisons within those outside the sector of operations concerning the organisation's financial health; risk assessment and trends in financial performance that may indicate future organisational viability or 'dangers'; the impact of financial activity upon the operational strategies in various planning/operating horizons • The candidate fails to effectively link the activities of this module with those of the Core Finance Management module • Financial analysis is poor because of inappropriate research. The importance of ratios such as ROCE, ROE, profitability, liquidity etc are not well understood • Research and analysis of documents etc. in the public domain does not lead the candidate to form an independent view of the organisation's financial performance and market position, as well as it possible future viability

Grade	Application of Theory to Practice
DISTINCTION	<ul style="list-style-type: none"> • The candidate should demonstrate their understanding and application of theory by the approach they adopt in explaining the purpose of the organisation's financial reports and by making a comparison and commentary on them as they relate to accountancy practice and the law within the country of operations • The candidate should show their skills of application by developing an in-depth critique concerning the historic financial performance of the organisation and its current financial position by making use of documents such as annual reports, P & L accounts, balance sheets and cash flow statements • Application of theory of financial ratios should be demonstrated by the clarity of worked examples or commentary on examples that draws on industry norms and the organisation's historic performance. This should include trends over time that are appropriate to the industrial/commercial/ NFP sector in which operations are undertaken and include sensible comparisons • Using the outcomes of the above activities the candidate should demonstrate application of a range of financial practices and theories by producing a detailed financial risk assessment that leads to robust findings, and, if appropriate, a series of realistic time related recommendations for improvements or consolidation • From the outcomes of the above, the candidate demonstrates their ability to apply theory by giving a financial assessment and analysis of current and future operation/strategic plans that the organisation may be developing • The candidate can further demonstrate their understanding and skills in applying theory by undertaking a detailed, timely and robust financial analyses from the use of a range of relevant documents that are within the public domain, and developing an independent and informed commentary on the organisational probity, effectiveness, efficiency and robustness of the organisation

Grade	Application of Theory to Practice
MERIT/PASS	<ul style="list-style-type: none"> • The candidate should demonstrate their ability to apply theory by the way they explain the purpose of the organisation's financial reports and produce a reasonably sound comparison of them, as they relate to similar aspects of current accountancy practice within the country of operations • The candidate should show their skills of application by developing a critique concerning the historic financial performance of the organisation by using documents such as annual reports, P & L accounts, balance sheets and cash flow statements • Application of theory of financial ratios should be demonstrated by some commentary on worked examples that draws on industry norms and the organisation's historic performance. This should include trends over time that are appropriate to the industrial/commercial/ NFP sector in which operations are undertaken • The candidate should demonstrate application of a range of financial practices and theories by producing a financial risk assessment that leads to findings and where appropriate some realistic recommendations for improvement or consolidation • The candidate should demonstrate their application of theory by producing a financial assessment and analysis of the organisation in relation to current and future plans (or planning) • The candidate should further demonstrate their skills of application by undertaking a financial analysis, making use of documents that are within the public domain and developing an informed and impartial commentary on the organisational financial robustness

Grade	Application of Theory to Practice
FAIL	<ul style="list-style-type: none"> • The candidate fails to demonstrate the ability to apply theory to practice because they do not explain the purpose of the organisation’s financial reports and inadequately compare them to accountancy practice and the law within the country of operations • They do not show sound skills of application, as they do not develop a realistic critique concerning the historic financial performance and the current financial position of the organisation. They do make good use of the P & L accounts, balance sheets and cash flow statements in attempting a commentary or critique • The application of the theory of financial ratios is not effectively demonstrated, as there is a lack of clarity in worked examples or a reasonable commentary on examples that draws on industry norms and the organisation’s historic performance. Any commentary or analysis ignores trends over time that relate to the industrial/commercial/ NFP sector of operations or makes ineffectual use of the trends data • The candidate does not demonstrate skills of application, as they do not use a range of financial theories to produce a detailed financial risk assessment with accompanying findings or any sound recommendations • Any financial assessment and analysis in relation to current and future operation/strategic plans or planning is tangential and lacks realism • The candidate does not produce a useful financial analysis that would represent a view that an outside observer might form who had collated and analysed financial and other documents concerning the company’s operations within its appropriate operational sector

Grade	Overall Quality of the Report
DISTINCTION	<ul style="list-style-type: none"> • The candidate's explanation of the purpose of the organisation's financial reports, as they relate to accountancy practice and the law within the country of operations, is clear and concise, as well as sufficiently detailed to command respect from an experienced senior general manager within an organisation similar to the target one • The candidate includes a discerning and in-depth critique in relation to the historic financial performance of the organisation and its current financial position by making extensive use and reference to documents such as annual reports, P & L accounts, balance sheets and cash flow statements. Such reports are integral to the report or are included as annexes • Worked examples and comparative commentary on a range of relevant ratios that draw from industry norms and the organisation's historic performance are included. The report includes robust evidence that indicate trends over a time scale that is appropriate to the industrial/commercial/ NFP sector in which operations are undertaken. The report includes sensible comparisons and makes intelligent use of graphical presentation techniques • The outcomes of the activities referred to above are used by the candidate to develop a detailed financial risk assessment that logically leads to sensible findings and, if appropriate, a series of SMART recommendations for improvements or consolidation • Also from the outcomes of the above, as well as other financial data, the candidate explores the financial relationship between current and future operational/strategic plans or planning that the organisation may have or be developing • The candidate prepares a succinct assessment by undertaking a detailed, timely and robust financial analyses of the range of relevant documents that are within the public domain to develop an insightful commentary on the organisation's probity, effectiveness, efficiency and robustness

Grade	Overall Quality of the Report
MERIT/PASS	<ul style="list-style-type: none"> • The candidate's report explaining the purpose of the organisation's financial documents, as they relate to accountancy practice and the law within the country of operations, is clear and detailed. The details indicate competency and suggest that members of the organisation's senior staff would value the candidate's report • The candidate includes an appropriately detailed critique in relation to the historic financial performance of the organisation and its current financial position by making use of documents such as annual reports, P & L accounts, balance sheets and cash flow statements. These are included in the report as integral documents or as annexes • Worked examples of ratios are included in the report and these are accompanied by a suitable commentary on similar ratios that are drawn from industry norms. The organisation's historic performance is included in this analysis • The report includes robust evidence that indicates trends over a time scale that is appropriate to the industrial/commercial/ NFP sector in which operations are undertaken. The report includes comparisons and the candidate makes a sound attempt at a graphical presentation of these trends • A financial risk assessment is presented by the candidate that leads to sensible findings and where appropriate a series of recommendations for improvements or consolidation • From the outcomes of the above, and other financial data, the candidate establishes links between current and future operational/strategic plans and financial activity • The candidate undertakes an assessment of the organisation by using a number of relevant documents that are within the public domain to develop a view concerning on the organisational probity, effectiveness, efficiency and robustness that would be useful to an informed member of the public

Grade	Overall Quality of the Report
FAIL	<ul style="list-style-type: none"> • The candidate's explanation of the purpose of the organisation's financial documents, as they relate to accountancy practice and the law within the country of operations, is insufficiently clear or detailed. It lacks structure and the explanations lack financial clarity. The detail is such that it would be of little use to senior members of staff in the organisation • The candidate fails to include an appropriately detailed critique in relation to the historic financial performance of the organisation and its current financial position. It does not make very extensive use of documents such as annual reports, P & L accounts, balance sheets and cash flow statements. Such documents are not integral to the report or included as annexes • Worked examples of ratios are included in the report but these lack enough detail to suggest robustness and any accompanying commentary lacks relevance and is superficial. The organisation's historic performance is not well presented in terms of analysis • The report does not include robust evidence that indicates trends over a time that is appropriate to the industrial/commercial/ NFP sector in which operations are undertaken. Comparisons are poor and presentational techniques for such data is ineffectual. Recommendations that are made do not derive from the financial analysis undertaken or are such that they make no real sense in terms of every day financial management • The outcomes of any analysis, as well as the use of other financial data by the candidate, is ineffective in that it does not make a clear link between current and future operational/strategic plans and financial activity • The candidate may undertake an assessment of the organisation by using a number of documents that are within the public domain to develop a view concerning organisational effectiveness and efficiency. However, the lack of detailed analysis renders the document of little use to the manager

Assessment method

A report of 3,000 - 4,000 words should be submitted to CIE for assessment. The report should be within +5% of this word count. If not then marks should be deducted for each additional 5% of words used

Duration of study

The duration of projected study undertaken in this module is in the region of 40 hours work for both the research aspect and developing the submitted assignment.

In assessing the candidate's submitted work this time constraint must be kept in mind. This will ensure that expectations of what can be realistically achieved within this time constraint are kept in mind throughout the assessment.

The assessment criteria set out above must be concurrently applied with the 'CIE Generic' criteria for the Diploma in Management.