

THE OPEN UNIVERSITY OF TANZANIA
FACULTY OF BUSINESS MANAGEMENT

DMBA 2008

OFN 613: Financial Management

Term Paper Assignment

1. Objective

This project is designed to give you an opportunity to demonstrate how you can use the analytical and research skills learned in the programme to analyse managerial problems, provide solutions, and/or advise on potential courses of action. In addition, you will enjoy to explore a subject area in details, gain a valuable experience in communicating your knowledge via a written word and to enhance your grade.

2. Topic

This year, the topic is Financial Statement Analysis (*Topic No 8 on your course outline*). You can refer to such topic in any standard textbook in financial management or in Corporate (Managerial) Finance.

3. The assignment problem

Collect two sets of most recent financial statements (*audited*) from a company/organisation of your choice. (*Two consecutive years (sets) should give you three-year data points*). Conduct a complete financial analysis of your company/organisation and write a brief, but to the point, report on your findings on the company's financial position as can be inferred from the information contained in such statements. Your report should follow the suggested format below.

Introduction

State objectives of the analysis, reasons for your choice of company/organisation, background information of the company/organisation and the industry in which it operates. Background information on the company/organisation is essential, as it will guide you through the analysis and interpretation of the results. *This should include, firm particulars, ownership: (e.g. Private/Parastatal/public?), industry sector, number of employees, products and trading volume, geographical coverage (including whether there is international operations), value of assets owned (both book as well as market value if possible), capital structure of the firm (i.e. how much is debt how much is equity), Privatised?(when and how?) and or any other information you may find necessary to guide and improve your analysis and interpretation.*

Literature

Explain here various aspects of financial analysis, i.e. what you know or what you learned from the literature about, for example, its application, usefulness in various aspects of business management, etc.

Methodology

This should indicate how the assessment was carried out and the choices made on various issues and the reasons behind such choices. Any assumptions you made in the analysis should be explained. Further, any accounting policies and practices and any legal and regulatory issues that govern the sector or the disclosure of items included in your analysis

need to be stated and explained in terms of the way they affected the outcome of your analysis.

The analysis

Select not more than eight ratios (two in each area), which you consider appropriate to reflect adequately the company's/organisation's financial performance and conditions over the three-year period in the areas of profitability, liquidity, operational efficiency, and gearing. Since there are several ratios under each category/area, you will definitely have to make choices. Remember to justify such choices. Innovative ways of analysis and presentation will be awarded accordingly. Remember to consider benchmark issues carefully here.

Findings and discussions

Provide a good summary of your findings and discuss them in terms of the performance of the company/organisation analysed. Can you explain any variation? Do the annual reports refer to any particular problems or future developments? Discuss any limitations and any other information (financial or non-financial), which you think would be helpful to your analysis. Based on your analysis, what would you recommend?

References:

This provides you an opportunity to practice appropriate ways of writing references. There are several text books which provide guidance on this (*e.g. Saunders, M.N.K., P. Lewis and A. Thornhill (2002) Research Methods for Business Students Financial Times/Prentice Hall, 3rd edition; and many other titles*).

Appendices:

Append all the relevant working and materials (financial statements to support your paper. Number them in the order you refer to them.

Other Paper guidelines

- Must be well structured and to the point, typed, double-spaced, (Times New Roman, font 12) with a seven (7) pages maximum (excluding the title page, bibliography, and any exhibits).
- A formal bibliography should be included and all sources of authoritative statements must be acknowledged properly.
- The intelligent usage of tables, graphs, etc. is highly encouraged (and almost certainly needed for a good paper). You should number them in the order you refer to them.

3. Paper Due Date

The paper must be handed in before 31st March 2008. If you post the written assignment, you should allow time for it to reach the Faculty before the stated deadline. (*Both time and feedback are precious, so strictly observe the deadline*)

4. Evaluation of the paper:

The paper will be graded for a clear order and evidence that you have researched the given topic to a sufficient degree. The paper carries 30% of your total course evaluation. Such a weight means that you should give the assignment your best effort.