

ACCOUNTING ACO3008Y1

INTERNAL ASSESSMENT ACTIVITY

ACHIEVEMENT STANDARD 91407 (VERSION 2) ACCOUNTING 3.4

Prepare a report for an external user that interprets the annual report of a NZ reporting entity

Level 3, Internal assessment

5 credits

STUDENT INSTRUCTIONS

Overview:

This assessment activity requires you to prepare a formal report interpreting the annual report of Fisher & Paykel Healthcare, a New Zealand reporting entity and make a recommendation that will meet the needs of an external user.

You will be assessed on the thoroughness of your interpretation, including your conclusions and your justification of your recommendation, and the extent to which you relate the reporting entity's annual report to wider economic activities and to the specific needs of an investor.

Cross curricular opportunity

Your report can also provide evidence for an English standard at Level 3.

AS91475 *Produce a selection of fluent and coherent writing which develops, sustains and structures ideas.* (one of two pieces), or US3491 v5, *Write a report.*

You are allowed to submit a draft report. When sending this to your teacher, please write DRAFT on your first submission if you would like feedback.

You are strongly advised to discuss this with your English teacher.

Conditions:

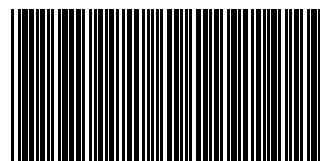
- This assessment is open book.
- This will take you two to three weeks and must be entirely your own work.
- Your report should be word processed.
- Plagiarism detection software may be used to check this is your own work.

You will need:

- to print off the most recent Fisher & Paykel Healthcare annual report from the internet.

Supervisor requirements

- Supervision is not required for this assessment.
- Upload your assessment to the ACO3008Y1 assessment dropbox when you have completed it.



ASSESSMENT CRITERIA

ACHIEVEMENT STANDARD 91407 (VERSION 2) ACCOUNTING 3.4

Prepare a report for an external user that interprets the annual report of a NZ reporting entity

Achievement	Achievement with Merit	Achievement with Excellence
Prepare a report for an external user that interprets the annual report of a New Zealand reporting entity.	Prepare an in-depth report for an external user that interprets the annual report of a New Zealand reporting entity	Prepare a comprehensive report for an external user that interprets the annual report of a New Zealand reporting entity.

EXPLANATORY NOTES

1. This achievement standard is aligned with *The New Zealand Curriculum*, Learning Media, Ministry of Education, 2007, and is related to the material in the *Teaching and Learning Guide for Accounting*, Ministry of Education, 2012 at <http://seniorsecondary.tki.org.nz>.
2. *Prepare a report* involves:
 - providing an interpretation for an external user of the annual report of a New Zealand reporting entity
 - drawing a conclusion that makes a recommendation to meet the needs of an external user.

Prepare an in-depth report involves:

 - providing an interpretation for an external user of the annual report of a New Zealand reporting entity linked to other financial and non-financial information contained in the annual report
 - drawing a conclusion including reasons for the recommendation to meet the needs of an external user.

Prepare a comprehensive report involves:

 - providing an interpretation for an external user of the annual report of a New Zealand reporting entity in relation to its wider economic activities
 - drawing a conclusion covering the limitations of the report and justifying the recommendation to meet the needs of an external user.
3. The entity is a reporting entity as defined in the Financial Reporting Act 1993.
4. Interpreting the annual report for an external user involves explaining the relevant financial and non-financial information, which may be found in the current annual report and other media related to a New Zealand reporting entity.
5. The report is based on a current annual report issued by a New Zealand reporting entity.
6. *An external user* may be:
 - a shareholder or a potential shareholder
 - an interested employee or potential employee
 - an interested consumer
 - an interested community group.

7. The report is a formal report including:
 - an introduction stating the needs of the external user, and key economic activities of a New Zealand reporting entity
 - interpretation of profitability that meets the external user's needs
 - interpretation of cash management and liquidity that meets the external user's needs
 - specific interpretation that meets the external user's needs may include:
 - market analysis for a shareholder and/or potential shareholder
 - people and/or employee discussion for an employee and/or potential employee
 - environmental and/or sustainability analysis for an interested person or community group
 - community involvement for an interested consumer or community group
 - a conclusion.
8. Conditions of Assessment related to this achievement standard can be found at www.tki.org.nz/e/community/ncea/conditions-assessment.php

ASSESSMENT ACTIVITY

ACCOUNTING

INSTRUCTIONS

- Access the **most recent** Fisher & Paykel Healthcare annual report from the internet and read this thoroughly.
- Calculate and include any analysis measures that you think will enhance your interpretation.

TASK

Your friend Mark who does not study accounting, is interested in understanding the most recent annual report of Fisher & Paykel Healthcare. He has inherited \$50,000 and is interested in the possibility of purchasing shares in the NZ based company.

Write a report for Mark that interprets the most recent Fisher & Paykel Healthcare annual report advising him whether or not to purchase shares in this company. Consider both short term and longer term scenarios as his goal is to maximise his investment.

Material can be found in the annual report and other media sources. You need to use **financial** and **non-financial** information in drawing your conclusions.

Your formal report should be **no more than 4000 words** and should include:

- Introduction
- Main body
- Conclusion
- Limitations
- Bibliography.

The quality of the information is paramount rather than the quantity.

This formal report should be of high quality in terms of format, spelling, grammar, sentence structure and paragraphs. It is not acceptable to present your report as a series of bullet points.



Remember: Upload your completed report to the ACO3008Y1 assessment dropbox.

ASSESSMENT RESOURCES

RESOURCE A: REPORT CONTENT

INTRODUCTION (IN THE FORM AN EXECUTIVE SUMMARY)

An executive report is written for people who may not have the time to read the entire report, and need an outline that presents the main findings and the conclusions.

Identify the reporting entity and its main activities and the reporting period to which the report relates. Outline the purpose of your report, identifying the specific needs of Mark and include a brief summary of your findings, incorporating your recommendation.

Accuracy in re-stating your report's main points is essential as decisions and strategies may be made by your intended user even though they have not read the entire report.

For planning purposes, an executive summary should be written after you've completed your report.

The executive summary is usually no longer than 10% of the original document.

INTERPRETATION

Body of the Report

Your interpretation needs to cover profitability, cash management and liquidity, and any other measure(s) relevant to the specific needs of the external user.

You should also refer to:

- financial and/or non-financial information contained in the annual report
- other relevant financial and/or non-financial information, collected from other sources, that relates to the reporting entity and its economic activities.

Provide information about the reporting entity's business activities during the year and the financial implications of these. Identify business/economic causes for the trends in financial results. Provide evidence of the profitability of the reporting entity and discuss whether or not it seems to be well placed moving forward. Link these individual aspects together to give an overall picture of the reporting entity's situation relevant to the needs of Mark.

CONCLUSION

Make a recommendation to Mark tailored towards his specific needs. For example, if the report is for a potential shareholder, the recommendation should include a **market analysis**.

Include information from commentaries in the reporting entity's annual report or refer to events with wider economic implications such as natural disasters, economic downturns, changes in government policy, inflation, or exchange rate movements.

Justify your recommendation by explaining how it will meet the needs of Mark.

In your report and recommendation identify assumptions you have made and limitations, for example, items in the accounts or auditor's report that you do not completely understand due to their complex technical nature.

BIBLIOGRAPHY

Clearly cite any resources you have used in your report including the name of each resource (for example, books or websites), the author, date of publication and, if applicable, the URL.

RESOURCE B

The following questions may assist you with your interpretation and with explaining non-financial aspects of the reporting entity from the annual report that may be relevant for the external user. Depending on the entity, some of these may not be contained within the report. You may need to use other sources.

- What are the core business area(s) and geographic locations in which the entity operates?
- What is the company's point of difference in the product they sell?
- What are the entity's current business strategy or strategies and key point of difference in the target market? Is there a specific skill-set required of employees?
- What is the current and future market potential for the entity? What influence have recent global events apparently had on the entity? In which specific areas?
- What is the current ownership structure?
- Identify strengths of the entity's management team and how these may benefit the organisation in future financial years.

To gain **excellence** you are required to:

1. Prepare a comprehensive report that interprets the annual report of a reporting entity for an external user.
2. The report provides a range of interpretations related to the relevant wider economic activities of the reporting entity, using relevant financial and non-financial information from both the annual report and external sources. The report paints a clear picture of the reporting entity's activities.
3. You make a justified recommendation aligned to the body of the report. There is a clear link between the needs of the external user and your recommendation.
4. You have identified the limitations of your report.
5. The ideas in the report are communicated with depth and clarity.
6. A range of reasons aligned to the interpretation should be provided as justification for the conclusion.

Note:

You will be judged on how well you 'tell the story' about this company. Don't be tempted to just quote a lot of figures or ratios without explaining the significance of them to Mark.

There is no requirement to calculate ratios, but you can include them to explain and justify your decision. Look at the key economic activities and interesting facts about the company and really think about why Mark should or shouldn't invest in that company.

Look at non-financial aspects as well. Demonstrate that you have looked at other sources of information besides the Annual Report. As you make major financial and non-financial points indicate how these might impact on Mark and the decision he might make.