



TRINITY COLLEGE

THE UNIVERSITY OF MELBOURNE

Accounting - February Intake 2017 Report 2

Student Name: _____

Student Number: _____

Tutorial Time: _____

Due Date: During tutorials, the week starting the **11 September 2017**

Weighting: 5% of total mark

Word Limit: 1 000 words (max)

TOTAL	Report 2	5 marks	
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Instructions:

Using the information provided, you are to write a report on a business venture of your choice. The report must be word-processed and set out using the correct format, including an introduction and body. The report must also contain appropriate headings and subheadings and include a bibliography of any reference materials used.

You can provide **one (1) draft** for review. This must be included when you hand in your final report.

The **DUE DATE** for drafts is **Thursday, 31 August 2017 by 5 PM** to your tutor.

NO late drafts will be accepted.

Please note: You will need to print out the first page and use it as a cover page.

Task:

In a business, the main activities which require your knowledge of Financial Accounting are:

1. Investing
2. Financing
3. Reporting and measurement
4. Analysis and interpretation

Imagine that you are starting a business of your own. Using your knowledge of Accounting, you are to write a report which:

- a) Discusses the legal structure you would choose for your business.
- b) Discusses how you would undertake the activities of investing and financing with regards to your business. You must provide specific examples (amounts in Australian dollars), for these activities.
- c) Outlines the measurement and reporting you would use to set up and manage the business in both the short and long term. You will be required to research various financial reports and explain why you would use these statements for your business.
- d) Describes the type of analysis and interpretation you would undertake to judge whether your business is doing well. You will be required to research various analytical techniques and explain why you would use these methods to evaluate your business.

Suggestions

This report is an “open-ended” question which allows you to use your imagination and think about what type of business you may like to start.

To help you develop your business plan, you should do some thinking about the following questions over the page.

Use the steps over the page to assist with your response.

Step 1: Choose a Business (50 words)

Try to select a business type that may have some appeal to you. Be as creative and imaginative as you want. Some examples include:

- Hairdresser/beauty salon
- Clothing shop
- Mechanic
- Web site/game designer
- Fashion designer
- Restaurant/café etc.

Describe your business idea, the name of your business and what the business does (service/retail/both). Outline what your vision is for your venture and where it is to be located. You may suggest a slogan for your business or design a logo as well.

Step 2: Business Structure (150 words)

Explain which business structure would be most suitable for your business:

- Proprietorship (sole trader)
- Partnership
- Company

You are free to select any structure but put forward some reasons why you chose this particular structure.

Step 3: Detailed Planning (800 words)

INVESTING DECISION (200 words)

- Outline the types of non-current assets your business will need. You should complete research on the internet to find realistic prices for these assets, or find the cost of hiring/leasing them. Consider vehicles, computers, furniture, shop fittings, cash registers, machinery, kitchen equipment etc.
- Estimate how much money will be needed for rent (bond and prepaid), inventory (if a retail business), the first month's expenses e.g. utilities etc.
- Summarise your findings in a table, showing references as appropriate.

You could visit another similar business in the city to get some ideas.

FINANCING DECISION (200 words)

- Explain how much start-up *money the business will need* – you may need to think about the ‘Investing Decision’ first
- Outline where you are going to get the money from. Are you already wealthy, or will you have to offer shares (you will have to select a company structure if you want to do this)
- Do you plan to borrow some money from a bank? How much? What is the cost (interest, fees) of this borrowing?
- Did you inherit some money?
- Will you have partners who each invest in the business?

REPORTING and MEASUREMENT (200 words)

- Describe the types of *financial reports* that are required to manage the business in both the short and long term. These could include: Sales Reports, Expenses Reports, Cash Reports, Accounts Receivable Reports, Accounts Payable Reports, Payroll Records, Stock Records, Income Statement, Balance Sheets etc.
- Outline how often the business would require reports. Consider daily, weekly, monthly, quarterly, half yearly, yearly/annual reports
- **Note: You do not have to actually include examples of any reports; just describe their contents, purpose and why your business would need them.**

ANALYSIS and INTERPRETATION (200 words)

- Describe what kind of *tools and techniques* you will use to evaluate the reports produced. Consider horizontal and vertical techniques, short term or long-term trends and financial ratios (liquidity, profitability, investment ratios)
- You should provide definitions and formulae (where appropriate) for all analytical tools and explain why they would assist in evaluating your business.

Report Format

Ensure you use the correct report format as follows:

- Appropriate cover page and title
- Introduction – outlining what will your report discuss
- Body – where you cover the areas as discussed earlier.
The Body should also have logical subheadings to separate each section.
- Bibliography (remember to cite all references alphabetically using the referencing guide used in EAP)
- Appendix (**if needed**) – to further explain information provided in the body of the report e.g. pictures of non-current assets/inventory, location map, logo design, management structure (if a company) etc.

Attention to all students: You need to print out the report yourselves and you must give enough time to print it out.

Broken photocopiers on the last day is not an excuse!

THANK YOU.

MARY, FELIPE, WENDY AND YEE
THE ACCOUNTING DEPARTMENT