

EMBA

Accounting for Financial Decision

1. Review the Chairman's statement, CEO's statement, and Risk in the 2019 annual report and accounts of *Wm Morrison Supermarkets PLC*. What are the main trends in this company? What are its major challenges? Prepare a SWOT analysis based on this information. Note: At this stage you are not required to consider the detailed financial statements.
2. 'Financial accounting should restrict itself to reporting on matters that can be objectively measured in money.' In small groups discuss the above statement outlining the arguments for and against the proposition.
3. Complete the following exercise relating to the construction of a simple Statement of Financial Position (Balance sheet)

Alpha Glasswares Ltd. has the following assets and liabilities on 31 December 2018. **The 'shareholders' funds' balance has not been given and you will have to calculate this from the available information.**

	£
Property	145,000
Trade receivables	32,000
Long-term loan	68,000
Bank overdraft	17,000
Vehicles	78,000
Inventory	15,000
Plant and machinery	40,000
Trade payables	57,000

The directors believe that the property is worth £180,000 and they are considering the inclusion of this asset at this valuation, instead of at the original valuation.

Required:

- (a) Prepare the statement of financial position for Alpha Glasswares at 31 December 2018, including the property at its original, historical cost valuation.
 - (b) Outline the main advantages and disadvantages to the company as a result of including the property at its revised valuation.
 - (c) Indicate the main strengths and weaknesses of the company as revealed by the statement of financial position that you have constructed.
4. Again, review the Balance Sheet of *Wm Morrison Supermarkets PLC* as at 3.02.2019 (with reference to the 2018 comparative information provided). Identify any entries that you don't understand. How does this detailed review of the assets, liabilities and equity impact on your earlier assessment? What are the main strengths and weaknesses of the company as revealed by the balance sheet?