

Assessing Financial Performance

The London Institute of Banking & Finance
MODULE SPECIFICATION

1. Title	Assessing Financial Performance	
2. Start date	2016	
3. Level of module	Level 4 FHEQ	
4. Number of credits	30 Credits	ECTS Value
		15
5. Status	<p>A compulsory module within:</p> <ul style="list-style-type: none"> • BSc (Hons) in Banking Practice and Management (full-time) • BSc (Hons) in Finance and Accounting for Financial Services (full- and part-time) • BSc (Hons) in Finance, Investment and Risk (full- and part-time) • BSc (Hons) in Business, Enterprise and Finance (full-time) <p>An optional module within:</p> <ul style="list-style-type: none"> • Professional Certificate in Banking (PCertB®) • Professional Certificate in Financial Services (PCertFS®) 	
6. Recommended prior modules	N / A	
7. Programmes of study to which module contributes	<ul style="list-style-type: none"> • Professional Certificate in Banking (PCertB®) • Professional Certificate in Financial Services (PCertFS®) • BSc (Hons) in Banking Practice and Management (full-time) • BSc (Hons) in Finance and Accounting for Financial Services (full- and part-time) • BSc (Hons) in Business, Enterprise and Finance (full-time) 	
8. Campus / Partner	N / A	
9. Syllabus overview	<p>All enterprises need to set objectives and monitor achievement in the core areas of their business. An important aspect of business activity is the ability to report performance to a variety of users. At a corporate (or business-unit) level, the objectives and outcomes will frequently be expressed in financial terms. However, it is likely that objectives will also be expressed in non-financial terms – particularly at a business department / function or individual level.</p> <p>The module commences with an examination of the users of financial information, their information needs and the qualitative characteristics of useful information. The module develops with a study of the accounting system that produces the financial statements which measure business performance, position and liquidity. The module progresses with a review of the budgetary process in organisations, recognising that operational performance targets are most commonly communicated and monitored via this process. This review explicitly acknowledges that while many budgets are expressed in financial terms, it is equally important to have budgets / targets based on key operational measures and to regularly monitor actual levels of achievement against those targets.</p> <p>The module concludes with a review of the ‘balanced scorecard’ approach to measuring performance and the use of performance indicators in the non-financial elements of the balanced scorecard approach.</p>	

10. Intended subject specific learning outcomes and, as appropriate, their relationship to programme learning outcomes

On completion of this module, students will be able to:

- a) demonstrate an understanding of the users of financial information, the primary financial statements that are presented to them and the qualitative characteristics that make the financial information useful;
- b) demonstrate an understanding of the principles of double-entry book-keeping including the recording of transactions through day books, ledgers and journals;
- c) prepare a set of financial statements, including the income statement, statement of financial position and statement of cash flow;
- d) identify and explain relevant data for measuring performance including the use of accounting ratios as part of an analysis / appraisal of an enterprise's financial position, performance and liquidity, and recognise the limitations of such financial analysis;
- e) understand the objective-setting and monitoring process including budget setting and budget preparation;
- f) demonstrate an understanding of the purpose and components of the balanced scorecard approach to setting and monitoring performance measures of organisational success; and
- g) use the principles of the balanced scorecard approach to assess the non-financial aspects of business performance and recognise its limitations.

These intended subject specific module learning outcomes contribute to the following programme learning outcomes:

- Professional Certificate in Banking: 01, 02, 03, 05, 07 and 08.
- Professional Certificate in Financial Services: A3 and A4.
- BSc (Hons) in Banking Practice and Management: A2, A3, A5 and A6.
- BSc (Hons) in Finance and Accounting for Financial Services: A2, A3, A5 and A6.
- BSc (Hons) in Finance, Investment and Risk: A2, A3, A4, A5 and A6.
- BSc (Hons) in Business, Enterprise and Finance: A2, A5 and A6.

11. Intended generic learning outcomes and, as appropriate, their relationship to programme learning outcomes

On completion of this module, students will be able to demonstrate achievement of the following generic learning outcomes:

1. Problem-solving and decision-taking skills.
2. Critical thinking skills.
3. Ability to learn through reflection on practice and experience.
4. Ability to work with complex material.
5. Ability to analyse problems and identify appropriate solutions.
6. Ability to work and study independently and utilise resources effectively.
7. Communication and report-writing skills.

These intended generic learning outcomes contribute to the following programme learning outcomes:

- Professional Certificate in Banking: 01, 02, 03, 04, 05, 06.
- Professional Certificate in Financial Services: B–D.
- BSc (Hons) in Banking Practice and Management (full-time) B–D.
- BSc (Hons) in Finance and Accounting for Financial Services: B–D.
- BSc (Hons) in Finance, Investment and Risk: B–D.
- BSc (Hons) in Business, Enterprise and Finance: B–D.

12. Learning and teaching

A. Learning hours

For a module of study worth 30 credits, the total expected study hours are 300 (ie ten hours per credit). The contact hours will depend upon the student's mode of study.

B. Tuition support

Distance learning

Distance learning allows students to study independently within a clear framework, but at a pace that suits their personal circumstances and study needs. Over their course of study (24 weeks), students will be provided with comprehensive learning materials, study guides and will be assigned to a subject specialist academic tutor to support their studies. Distance learners will have regular contact with their Academic Tutor and further practical support is available from The London Institute of Banking & Finance Student Services.

Flexible learning

Flexible learning allows distance learners to opt for three face-to-face workshops of approximately six hours each, evenly spread at appointed dates in each session (24 weeks). (Please note that tailored arrangements may vary, please check the programme website.)

Dispersed campuses

Dispersed campus students will have regular face-to-face sessions over each session of study. The timing will depend upon local timetabling arrangements (eg via evening classes).

Full-time students

Full-time students will study on a semester basis supported by their module Lecturer. The weekly timetable will be advised at the start of the programme.

C. Learning materials and learning outcomes

The learning and teaching strategy is designed to ensure that the students achieve the learning outcomes by the end of the module. The learning and teaching methods include formal lecture and tutorial (full-time), online learning support from an appointed Lecturer (distance / flexible learning), private study of text and other supporting materials, a formal coursework assignment, informal exercises (both individual and group-based), and pooling of experience and knowledge through class / forum and individual discussion. The assessment strategy is designed to achieve a balance between testing the student's skills of knowledge recall and understanding, and those of research and application.

Students will have access to myLIBF (our secure virtual learning environment) that provides access to relevant materials and support for each module. Links to appropriate readings are available from KnowledgeBank, containing an e-library.

D. Reading

Students will be provided with the core text or equivalent, as detailed below, but will also be expected to read and research the recommended reading on the course website. Lecturers may also recommend additional reading throughout the module.

Essential reading

- Donnelly, C. (2012) *Assessing Financial Performance*. London: *ifs* School of Finance.

Further reading

- Weetman, P. (2010) *Financial and Management Accounting: An Introduction*, FT Prentice Hall. 5th Edition.
- Wood, F. and Sangster, A. (2011) *Business Accounting 1*, FT Prentice Hall. 12th Edition.
- ACCA Paper F3 *Financial Accounting* (the latest edition), BPP Learning Media Ltd.

Websites

- CIMA Insight e-zine available from:
<http://www.cimaglobal.com/Thought-leadership/Newsletters/Insight-e-magazine/>
- ACCA Student Accountant newsletter from:
<http://www.accaglobal.com/en/student.html>

Each student will have access to the virtual learning environment (VLE) and to the KnowledgeBank learning resources (containing an electronic library service). A list of further readings relating to the syllabus, coursework and end of course assignments can be found on the VLE.

It should be noted that due to the rapidly changing environment that encapsulates the financial services sector, the reading list above is indicative only. It is subject to review and update at the discretion of the module team. An up-to-date reading list is made available to students at the commencement of the module.

13. Assessment

Component	Duration / Length	Weighting
Multiple-choice objective test	60 minutes	30%
Coursework	1,000 words including quotations and in-text citations	20%
End of course assignment	2,500 words including quotations and in-text citations	50%

Multiple-choice objective test

This assessment will represent 30% of the overall module mark weighting and will take the form of a 60-minute multiple-choice objective test containing 40 questions. The test will be taken at an examination centre after approximately 10 weeks of study (part-time students) or approximately half-way through the course (full-time students).

The pass mark for this component is 55% (22 marks from the 40 marks available).

This assessment will aim to test knowledge and understanding from the early learning in the module. The test will provide the opportunity for early feedback to the student about progress on the module. It will serve to identify areas requiring further development / revisiting.

The assessment will focus on students' knowledge and understanding from learning outcome 10(a) (syllabus sections 1 and the first two bullet points of 3) and will include the users of financial information, the nature and structure of the primary financial statements that are presented to them and the qualitative characteristics that make the financial information useful.

This knowledge and understanding will be built upon in assessments to test students' ability to apply their knowledge and to analyse a situation.

A scientific calculator may be used but it must not be programmable, nor have a wireless-communications capability, nor be capable of storing textual information. It must also not require a mains electricity supply. Calculators with any further functions are not allowed in the examination room.

Coursework

This assessment will represent 20% of the overall module mark weighting and should be submitted after approximately 16 weeks of study (part-time students) or one-third of the way through the course (full-time students). It will take the form of a coursework assignment, allowing students to develop the skills of research and assignment writing and providing the opportunity for feedback from the Lecturer. The assignment will comprise a maximum word limit of 1,000 words, including quotations and in-text citations.

The pass mark for this component is 40% (8 marks from the 20 marks available).

The coursework will focus on learning outcome 10(b) (syllabus section 2) and 10(c) (remainder of syllabus section 3) and will test students' application of the double-entry accounting system by processing a range of business transactions through the day books, journals and ledgers, culminating in the production of a set of financial statements.

End of course assignment

The third assessment will represent 50% of the overall module mark weighting and will be submitted at the end of the period of study for full-time students and within a period of 24 weeks for part-time students. The assessment will comprise an end of course assignment with a maximum word count of 2,500 words, including quotations and in-text citations.

The end of course assignment will draw upon knowledge and understanding from the entire module but more specifically from learning outcomes 10(d)–10(g) inclusive (syllabus sections 4 to 7).

Students will be required to focus upon interpreting financial statements, performance indicators and budgets, and applying the balanced scorecard and non-financial measures of performance.

The pass mark for this component is 40% (20 marks from the 50 marks available).

Students should be aware of the regulations governing the award of credit and the arrangements for compensation, condonement and the capping of marks. Students should also be aware of the regulations relating to the resitting of assessment components and / or the retaking of modules. This information is contained within The London Institute of Banking & Finance's General and Academic Regulations for Students sections 7, 8 and 9.

Module Grading

A student's module performance grade is determined by their overall weighted average percentage score in accordance with the following:

Distinction: 70% – 100%
Pass: 45% – 69%

14. Syllabus

1. The underpinning principles of financial reporting

This section of the syllabus provides an underpinning knowledge of the purpose(s) of accounting and of the conceptual and regulatory framework(s) within which (external) accounting information about business entities is prepared and disseminated:

- Scope and purpose of financial statements for external reporting.
- Users of financial statements and their information needs.
- Elements of financial statements.
- Conceptual Framework for Financial Reporting.
- Qualitative characteristics of useful information.
- Differing accounting bases of measurement.
- Difference between 'profit' and 'cash flow'.
- Fundamental accounting concepts.
- Accounting policies and their importance.
- Sources of authority and regulation regarding financial reporting.

2. The double-entry system of accounting and the recording of transactions

This section of the syllabus examines the principles of double-entry book-keeping, the purpose of day books, journals and ledgers and the recording of transactions and events:

- The fundamental accounting equation.
- Books of original entry, ledger accounts and journals.
- Recording income, expenditure, assets, liabilities and capital.
- Accounting for inventory, depreciation, accruals, prepayments, provisions and contingencies.
- Control accounts and reconciliations of accounts receivable and payable.
- Capital structure and finance costs.
- Trial balance, extended trial balance, the correction of errors and suspense accounts.
- Bank reconciliations.
- Incomplete records.

3. The primary financial statements

This section of the syllabus looks at the purposes, structure, content and production of the primary financial statements from complete and incomplete records:

- The purpose of financial statements.
- The nature and structure of the financial statements.
- The production of income statements and statements of comprehensive income.
- The production of statements of financial position.
- The production of statements of cash flow.

4. Interpreting financial statements

This section of the syllabus focuses on the interpretation of the information contained in traditional financial statements. It provides a framework for the use of cash flow and more traditional ratio analysis, emphasising the need to use appropriate comparators. It also emphasises the use of this type of ratio analysis by managers, as opposed to external users of financial statements.

- Cash flow and ratio analysis.
- The limitations of cash flow and ratio analysis.
- Financial performance and position ratios.

5. Performance indicators and budgets

A crucial element of corporate management is that of planning and then monitoring the extent to which these plans are achieved. This involves the setting of performance targets for different staff, business units and the organisation as a whole. They are normally set, and achievement monitored, as part of the organisation's budgetary process. It is this process that is the primary focus of this section of the syllabus.

- The nature and principal components of the budgetary process.
- The differing roles of budgeting in achieving organisational success.
- The distinction between planning and forecasting.
- Budget profiles.
- The timeliness, and orientation, of budget reports.
- The importance of having measurable targets in budgeting.
- Setting performance indicators.
- The integration of financial and non-financial feedback information.
- Using feedback information.
- Linking budgets with longer-term strategy.
- The preparation of budgets.

6. The balanced scorecard

This section of the syllabus provides an overview of the balanced scorecard approach to planning for, and monitoring the achievement of, corporate objectives. It emphasises the fact that while corporate achievement is frequently assessed in financial terms, such financial achievement is built on achievement in a number of different business areas. It also emphasises that the balanced scorecard approach is not static – as the business environment changes, so must corporate objectives.

- The purpose of the balanced scorecard approach to management.
- The elements of the balanced scorecard.
- Establishing objectives and performance measures.

7. Non-financial measures of performance

This section of the syllabus will require students to draw upon their learning of the balanced scorecard concept. It concentrates on the development and implementation of non-financial measures of performance. It emphasises the importance of setting targets and monitoring achievement in the three non-financial elements of the balanced scorecard model.

- The customer perspective.
- The internal business perspective.
- The learning and growth perspective.
- Benefits and limitations of the balanced scorecard approach.