

Role of internet in international business narrative



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Financial Statements to determine measures of business performance and support management planning and decision making. ; Recognizing and considering the effects of interpretations of Financial Statements and performance indicators by external entities. Assessment Task: Lincoln Indicators professes nine golden rules for successful shareware investing. The golden rules relate to: financial health; management assessment; outlook/ forecast; share price value; share price sentiment; liquidity and size; principal activities; price sensitive announcements; and follow all of the rules above.

Details on the golden rules are available at: [http://www.](http://www.illumination's.com.au/extraterrestrials/goldenrod's)

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[Com. AU/Content/Static/PDF/AGRO-leno-Sheet. PDF](http://www.illumination's.com.au/content/static/pdf/agro-leno-sheet.pdf) Identify two listed companies that are in the same industry. Apply the nine golden rules investment framework and write a report Judging whether these stocks satisfy the investment criteria. In Judging whether the stocks satisfy the investment criteria, you should consider a number of issues within each of the golden rules: Golden Rule 1: Financial Health

Calculate key accounting ratios for each company that measure their profitability, liquidity, capital structure, asset efficiency and market performance for a three year period. Assess if each company possess strong financial health with a favorable trend of financial ratios for at least two consecutive years.

Golden Rule 2: Management Assessment This rule focuses on assessing management quality and leadership capabilities using four measurements: ROAR, ROE, PEPS growth, and revenue growth. Calculate the four measurements of management assessment above for each company. Calculate each company's market capitalization (I. Share price times number of shares outstanding) and identify the industry they are in. Use the benchmark set up by Lincoln Indicators based on market capitalization and industry to assess the companies' management quality.

Golden Rule 3: Outlook/Forecast Find analyst forecast earnings for each company through large brokerage firms (e. G. Citreous, Merrill Lynch) or other online sources (e. G. Financial Times). Analyses the forecast earnings to determine whether the companies' growth are sustainable.

Golden Rule 4: Share Price Value Find out the most current share price of each company.

Using equity valuation del, calculate the estimated price of each company's share. A simple evolution model to use is the earnings multiplier approach, where estimated price is equal to PIE ratio multiplied by PEPS. Compare the share price of the companies with their estimated price. As a rule of thumb, investors should invest in undervalued shares, that is when the market share price is less than the estimated share price. The expectation is that the price of undervalued shares will increase in the future to the intrinsic value of equity, resulting in capital gains for investors.

Golden Rule 5: Share Price Sentiment

Look at the 12-month share price performance for each company and compare it with the performance of the All Ordinaries Index. Do not invest in stocks that underperformed the index. Golden Rule 6: Liquidity and Size This rule is to ensure that a company's share is 'liquid', meaning that investors are able to sell their entire shares for that company at any time. Find the daily volume Lincoln Indicators suggests that the daily volume traded figure is at least five times the investor's exposure level (I. E.

How much value of shares the investor intends to buy). Golden Rule 7: Principal Activities

Familiarize yourself with each company's business operations, e. G. What they sell/ provide, the industry they are in, their competitors, etc.

Perform a brief SOOT analysis to identify the strengths, weaknesses, opportunities, and threats for each company that potentially have an impact on future earnings. Golden Rule 8: Price Sensitive Announcements Read news and announcements about the chosen companies, as price sensitive announcements can affect share price positively or negatively. Be aware of investing in companies that recently have negative news or announcements.

Golden Rule 9: Follow all of the above rules