## Thoughts on Step Three

I was quite nervous before starting this section of the assignment, as reading over chapter four was quite overwhelming. I do like spreadsheets; they have played big part of my university degree and at work. This meant that using excel was not something new to me, which I was happy about, as using Excel can be quite confusing if you have never used it before. However I also knew that this part of the assignment would be quite time consuming, which I was dreading after a long week at work. I work within an accounting firm, and the last few weeks we have been flat out enrolling clients for Job Keeper, which I’m sure many people would have heard about considering the current pandemic and loss of income for many businesses. I think our accounting firm is just as busy if not even busier than we are at tax time.

When reading Chapter Four I learnt about viewing a firm’s activities as either operating or financial. My understanding of operating activities is that these are related to how the company is performing (their operations), which is usually where the value is either added or destroyed by a firm. I learnt that doing this was a powerful tool. Before starting step three of the assignment I thought that this would be easy to do. However when it came to actually restating the financial statements and having to classify items as either operating and financial I found this not as easy as I first thought. With a couple emails to Martin, he was able to help by asking me to relook at a few items.

I found preparing the Restated Statements of Movements in Equity and the Statement of Financial Position easier than the Financial Performance. When I restated the Balance Sheet I learnt that my company had larger financial assets compared to financial obligations, which to me was a good sign. The reason why I found restating the Income statement part of the assignment harder was that my allocated company’s annual report didn’t have a separate Income Statement; the only statement that this firm had was a Consolidate Comprehensive Income Statement. As the items on this statement were not classified into expenses, a couple of these items I was confused as to whether these were expenses or income. It also took me a while to understand that some items were income one financial year and an expense in a different financial year. I also noticed that my company had both Net Financial Income and Net Financial Expenses, which meant that when I had to calculate the tax I had to make sure that I had the correct calculation so that this would balance. For example for tax benefit you would have to put a minus before calculating the net financial expense by the tax rate, and for Net financial Income I didn’t have to put a minus. This confused me, as I wasn’t sure if I could have both NFI and NFE on the same row, as watching the video, Maria calculated NFE, and looking at different students they had either NFE or NFI not both like mine. I also decided to use one percent when calculating the allocation of cash to operating.

I found the video’s on Moodle easy to follow and very helpful. Having these videos and having Maria explain the step-by-step process and checks allowed me to feel confident with my figures and statements. This was a time consuming step of the assignment, but after some coffee and determination I was happy that we had to do this as apart of our assignment. I am a logical learner, and preparing these restatements helped me to understand the reason behind the content we have learnt throughout the term. A logical learner is someone who once they understand the bigger picture, can understand the logic, and reasoning behind that concept, which helped me to better understand Chapter Four.