

- ▶ metaphors, useful finance-related expressions
- ▶ financial report structure
- ▶ writing a financial report

7.5 Writing Financial reporting

Discussion

1 Discuss the questions with a partner.

- 1 Financial reports often use colourful metaphors. Which of the images below is evoked in the following phrases?

sports water weather war health

- a) Tech. stocks are fighting a losing battle.
 - b) The firm is in good shape.
 - c) The company has gone under.
 - d) A spokesperson gave a ballpark figure for projected losses.
 - e) The organization should be able to ride out the storm.
- 2 Explain in your own words what each metaphor means (in the context of the phrase).
 - 3 Why do you think these images are used?
 - 4 Can you think of any other common metaphors using these images?



Model

2 Read the share reports below and answer the questions.

- 1 What industry does each report belong to?
- 2 What has affected the share price in the past?
- 3 What might affect it in the future?

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Confident construction company a wise buy

As the credit crunch bites, outsourcing companies are becoming increasingly attractive: businesses that are feeling the pinch can save costs by letting others take on non-core activities.

Judging by Carillion's trading statement yesterday, the theory seems to be sound. The company expects to deliver double-digit earnings per share growth in the next fiscal year. The group's order book stands at £20bn, compared with £15.8bn last year, with the stock closing up 4% last night.

Business is booming in the Middle East, where the group has a hearty construction division, and the integration of McAlpine, which it bought in February, will help to save costs. The group is expected to post a share price of 410p within the year.

Carillion is a compelling investment opportunity: the chance to buy a company that presently trades well below its peers should not be readily passed up. Buy.

One to watch: Share price 121.5p (+3p)

Relatively new to the market, Zenith is described as a specialist tour company. The bulk of its customers are empty-nesters, where Zenith has carved out a niche for itself.

The first figures published since Zenith's acquisition of Intrip20 in August comfortably beat expectations, with pre-tax profits for the year to 31 October rising to £502,000 from £61,000 in the previous year.

Intrip is New Zealand's largest online travel retailer; the linkup between the two clearly makes strategic sense. Zenith is now in a position to offer its specialist holidays to Intrip's sizeable clientele. The forthcoming launch of holiday websites in the UK is expected to further boost the customer base.

The shares look cheap now, but they'll need to demonstrate more solid progress before any serious re-rating is likely. Analysts are fairly confident they will rise further, driving pre-tax profits up to £3.5m by the end of the year. Well worth keeping.

Analysis

3 Number the four sections in the order they appear in the reports above.

- outlook recommendation news/context performance

4 Which section in a financial report (see Exercise 3) do these phrases come from?

- 1 Investors should take advantage of the recent rally to bite the bullet and sell.
- 2 The branch is currently generating strong sales and heading back to profit.
- 3 The stock is worth tucking away; sit tight and look forward to future gains.
- 4 As a result of soaring oil prices, pre-tax profits look set to hit the £3m mark.
- 5 Profits are forecast to rise by 4% to 21.6% next year.
- 6 With recovery back on track, shares are now trading back at levels last seen 12 months ago.