



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma in Management
Professional Level

MANAGING FINANCE

4248/01

Core Module

Valid between 1 January 2010 and 30 June 2011

READ THESE INSTRUCTIONS FIRST

You should read the assignment carefully.

It is important to complete the **Assignment Cover Sheet** when you have finished your work. You must complete the details and sign the declaration to confirm that the assignment is all your own work and your tutor must sign to verify that it is your own work.

The length of the assignment must be no more than 3000 words. Marks will be deducted from assignments that exceed the word limit.

This document consists of **3** printed pages.



Managing Finance – Core Module

Title: Cost Effective Management

Before starting this assignment it is important to familiarise yourself with the module syllabus and the associated objectives and competence criteria so that your understanding and application of them will be a feature of your submitted report.

You should work with your own organisation or one that is familiar to you. Briefly describe the organisation, its purpose, products and/or services and the department or project you work for (or the department/project you have selected) and your involvement with it. However, if your organisation develops financial statements at a level other than department or project, you may use this level as a focus for your study.

“Every general management decision has a financial implication and every financial decision has implications for general management decisions.”

Critique this statement and relate it to your own management role and organisation, department or project. Explain how your organisation manages finance and the associated protocols and procedures.

Briefly explain the purpose of budgets and the concept of the budget cycle. Describe the processes and procedures for setting and agreeing budgets for your department or project. Describe the different types of budget, and their benefits and drawbacks. Explain which type of budget approach your organisation uses. Consider whether this is the most appropriate approach and draw conclusions. Briefly explain the purpose of profit and loss statements and link these to the concept of managing cash flow.

Making use of academic literature, explain the purpose and use of a balance sheet. Summarise the key features of your organisation’s balance sheet. What does the balance sheet tell you about your organisation?

Obtain relevant financial data from at least two accounting periods for your department, project or organisation. These should include budgets, and profit and loss statements. Analyse the statements you have obtained and differentiate between fixed and variable costs. Explain variances between forecast and actual, and explore why these might have occurred. Produce a summary report on the financial performance, including relevant financial ratios.

Identify the objectives for the next accounting period for your department, project or organisation. With these in mind and the information you have previously analysed, devise a budget for the next accounting period. Also produce a profit and loss forecast. Consider likely variances that may occur, both favourable and adverse, and explain these. Indicate the effects that these variances could have on planned profit and organisational success. Incorporate your findings into your proposed budget.

Devise a plan for monitoring and controlling costs and expenditure over the next accounting period. Identify the role that different people in your department or project should have in monitoring and control.

Write a short report to your manager or other suitable person, recommending and justifying your budget for the next accounting period and your plans for monitoring and control.

You must include in your assignment report all documentation, notes and materials generated during each stage of the study.

You are not expected to include confidential information on your organisation, its personnel or performance.

In writing the report, you should adopt an appropriate business format and show how knowledge and understanding of managing finance have been applied in line with the module syllabus.

At the start of your assignment report, indicate the number of words used, which should not exceed the maximum permitted amount of 3000.

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