



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

MANAGING FINANCE

4248/01

Core Module

Valid between 1 January 2008 and 31 December 2008

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: Finance: Predicting the Future

Your start point for undertaking this assignment is to familiarise yourself with the module syllabus, the associated assessment objectives and competence criteria so that your understanding and application of them will be a strong feature of your submitted report.

You should work with your own organisation or one that is familiar to you. 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 creates financial statements at a level other than department or project, you may use this level as a focus for your study. If this is the case then you should make this clear in your report.

Using your selected department or project as a focus, describe in general terms the importance of effective financial management to the organisation. Indicate how the financial management of your chosen department or project impacts on the success of the department or project and on the organisation as a whole.

Obtain all the relevant financial data from the current or previous accounting period for your department or project. These should include budgets, their types as well as details of the budget planning cycle, balance sheets and profit and loss statements, including detailed periodic cash flow statements. Analyse these, differentiating between fixed and variable costs. Explain variances and explore why these might have occurred as well as how they are managed. Produce a summary report on the financial performance, including relevant financial ratios of your department or project.

Consider and set out in financial terms any two of the following potential negative changes on your organisation:

- An across the board salary/wage increase by 8% for the year
- A supplier/materials cost increase by 9.5% for the year
- An annual decrease in sales/services by 11%
- Plant/machinery annual cost increase by 17%
- Overall annual premises cost increase by 5%

Now consider, identify and set out in financial terms any two of the following potential positive changes on your organisation:

- An increase in annual sales by 23%
- An investment increase this year by 6.5%
- A decrease in this year's corporation tax (or equivalent) by 3.5%
- A salary/wages decrease by 9% for the year
- A supplier/materials cost decrease by 11%

Using as a basis the current budgetary information, the above analysis and your summary report, devise two budget and monthly/period cash flow forecasts for the year, showing the effects of your chosen impacts. One of these will be a “worst case” scenario, based upon your two negative impacts and the other, a “best case” scenario, based upon the two positive impacts. Clearly state any assumptions that you have made.

Produce a summary report, including appropriate financial documents, that sets out your analysis of these two scenarios, showing the budgetary requirements if the organisation is to remain profitable or viable. Include recommendations for monitoring, control and reporting in line with stakeholder requirements.

Present your report to your manager or other suitable person, obtain their feedback and reflect on their comments. Make appropriate and clearly identified adjustments to your report.

You must include in your assignment report all documentation, notes and materials generated from 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 3,000 for the main body of the report.

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

University of Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.