

Designation: - Core Module - **Financial Management** (4258) - Research, Analysis and Academic Reading

Grade	Research, Analysis and Academic Reading
DISTINCTION	<ul style="list-style-type: none">• The candidate's research includes an internal focus. The internal research is likely to be based upon current organisational practice and the external research and reading will focus on alternative approaches to Financial Management. This should enable the candidate to make realistic comparisons concerning different approaches and subsequently lead to some sound financial management recommendations• The research will identify approaches to financial planning appropriate to the organisation (for profit or NFR), including the budget cycle and budget planning. This will also include organisational performance and the establishment of financial objectives and presenting a business plan in financial terms• The focus should be on the short and intermediate aspects of financial planning and include organisational budget preparation and its various stages, ZBB and internal budget control mechanisms such as feedback reporting systems, variance analysis and in doing this research identify the value of ICT based spread sheets• The importance of financial forecasting, the production/construction and interrogation of P & L accounts, cash flow statements and balance sheets should be included• Research should lead to an understanding of various approaches to costing and its associated terminology such as fixed and variable costs, unit contribution, direct and indirect costs, assigning costs and recovery rates for different cost centres as well as ABC• A key research area should be 'break-even' analysis and the relationships between costs, profits and volume• Different methods of projecting capital investment costs and returns, including the 'time' factors, accounting flows and the importance of taxation and inflation on this should be included. Research should include APR, NPV and weighted capital costs as part of cash flow projection appraisal through different financial methods

Grade	Research, Analysis and Academic Reading
MERIT/PASS	<ul style="list-style-type: none"> • The candidate’s research should be internal and external to the organisation. Internal research will focus on organisational current practice and external will focus on an alternative approach to Financial Management. This should enable the candidate to make some form of comparisons between different approaches and lead to the candidate being able to make realistic recommendations in terms of current financial management practice • The research should identify current approaches to financial planning within the organisation (for profit or NFR). This should include budget cycle planning and how organisational performance and the establishment of financial objectives are derived, as well as the associated business plans in financial terms. There may be some gaps in this research but it should not hinder the candidate in producing a lucid report as part of this module assignment • The research should include the short/intermediate aspects of planning as well as how the organisation goes about budget preparation, reference to ZBB, control mechanisms such as feedback reporting, variance analysis and the value of ICT should be addresses in the research • Financial forecasting, the production/construction of P & L accounts, cash flow statements and balance sheets should be included in the research • Research should lead to an understanding of various approaches to costing and its associated terminology. This should include such aspects as fixed and variable costs, unit contribution, direct and indirect costs, assigning costs and recovery rates for different cost centres as well as ABC • The research should adequately cover ‘break-even’ analysis and the relationship between costs, profits and volume • Different methods of projecting capital investment costs and returns, including the ‘time’ factors, accounting flows and the importance of taxation and inflation on this should be referred to. There should be an explanation of APR, NPV, weighted capital costs as part of cash flow projection appraisal through different financial methods

Grade	Research, Analysis and Academic Reading
FAIL	<ul style="list-style-type: none"> • The candidate’s research is likely to be only internal rather than external to the organisation. The research does not lead the candidate to explore alternative approaches to Financial Management in any detail. Such lack of detail will hamper the candidate developing a critique of organisational practice or forming realistic recommendations • The research may not identify current planning approaches in detail within the target organisation and the candidate fails to realise the significance of for profit or NFR organisations financial processes • The budget planning cycle is only vaguely researched and how the organisational financial performance is managed is ineffectively analysed. Aspects such as the financial objectives, their derivation as well as any associated business plan in financial terms are not studied in appropriate depth for a Diploma candidate • The research fails to address the short and intermediate aspects of financial planning and how the organisation goes about its budget preparation is not addressed in any real detail. Aspects such as ZBB, control mechanisms such as feedback reporting systems, variance analysis and the value of ICT in respect for spread sheets and other aspects of financial management are neither researched nor analysed in detail • Financial forecasting, the production/construction and interpretation of P & L accounts, cash flow statements and balance sheets are not researched properly • Costing and associated terminology is inadequately addressed, using inappropriate terms • The key aspects of ‘break-even’ analysis and the relationship between costs, profits and volume are not covered in sufficient detail in the research • Different methods of projecting capital investment costs and returns, the ‘time’ factors, accounting flows, taxation and inflation are not addressed in detail • There is a lack of a research on aspects such as APR, NPV, weighted capital costs as part of cash flow projection appraisal through different financial methods

Grade	Application of Theory to Practice
DISTINCTION	<ul style="list-style-type: none"> • The candidate indicates that they are able to apply their research and understanding by making comparisons with different approaches to financial management in different sectors, different industries and in ‘for profit’ and ‘not for profit’ organisations • The depth of understanding can in part be judged by the approach the candidate takes in the use of everyday financial terms in their report and the way with which they explain functions such as costing, budget construction, control mechanisms/systems and the use of ICT to support organisational financial management • A high level of understanding will be demonstrated by the links that are made between the financial aspects of management and the strategic and operation aspects of management as well as their interrelationship • The candidate’s ability to critically appraise existing spread sheets, P & L accounts, cash flow forecasts and break even analysis will be indicative of their ability to apply their theoretical understanding to every day activities within their target organisation • The level of understanding and ability to apply their understanding will be demonstrated by the candidate’s skill in comparing actual with budgeted statements and developing an appropriate appraisal arising from this comparison. This may or may not lead to recommendations for change but such a report will contribute to demonstrating the candidates thorough understanding of this aspect of financial management • The construction of a range of examples and an accompanying critique of the merits of different costing approaches should exemplify the candidates ability to work in an applied financial environment, whether the organisation is manufacturing or a service based • A effective critique, or examples, of top-down budgeting processes, as used in the public sector and many NFP organisations, will indicate that the candidate can fully apply theoretical knowledge to financial planning and control

Grade	Application of Theory to Practice
MERIT/PASS	<ul style="list-style-type: none"> • The candidate demonstrates their level of ability to apply their research and understanding by making some comparisons with different approaches to financial management - this may include different sectors, perhaps different industries and possibly 'for profit' and 'not for profit' organisations • The depth of understanding can in part be judged by their approach in the use of everyday and common financial terms in their assignment report and the effectiveness with which they explain a range of functions. This may include approaches to 'costing', budget construction, control mechanisms/systems and the use of ICT to support organisational financial management • The candidate's level of understanding is demonstrated by the links that are made between the financial management and aspects of strategic and operational management and their interrelationship • The candidate's ability to effectively appraise spread sheets, P & L accounts, cash flow forecasts and break even analysis will be indicative of their ability to apply their theoretical understanding of common financial practice activities within their organisation • The level of understanding and ability to apply their understanding will be demonstrated by the skill of comparing actual with budgeted account statements and developing an appraisal from this. This may not lead to financial management recommendations for change but such a report will contribute to demonstrating the candidates sound understanding of this aspect of financial management • The provision of examples of different approaches to 'costing' provide evidence of the candidates ability to work in an applied financial environment if the organisation is a product or manufacturing based one but the examples may not extend to a services based organisation • A critique of the top-down budgeting processes, as used in the public sector and many NFP organisations, will indicate that the candidate can adequately apply theoretical knowledge to financial planning and control, although this may not be accompanied with an account of associated strengths and weaknesses

Grade	Application of Theory to Practice
FAIL	<ul style="list-style-type: none"> • The candidate’s level of ability to apply their research and understanding by making comparisons with different approaches to financial management is shallow and ignores important aspects such as different sectors, different industries and possibly ‘for profit’ and ‘not for profit’ organisations • The use of everyday/common financial terms is inappropriate, including terms relevant to ‘costing’, budget construction, and control mechanisms/systems. The candidate fails to identify how the use of ICT can support organisational financial management • Links between the financial management and aspects of strategic and operational management and their interrelationship is inappropriate and/or weak • The ability to effectively appraise existing spread sheets, P & L accounts, cash flow forecasts and break even analysis is wrong or superficially covered • The level of understanding when comparing actual with budgeted account statements is ineffective and does not lead to suitable recommendations • Examples of different approaches to ‘costing’ are shallow and indicates poor understanding of this aspect of financial management • Any critique, or examples, of top-down budgeting processes, as used in the public sector and many NFP organisations, shows that the candidate would not be able to apply theoretical knowledge of financial planning and control to real situations

Grade	Overall Quality of the Report
DISTINCTION	<ul style="list-style-type: none"> • The candidate’s report includes an internal and external description of current practice that leads to a comprehensive comparison of different approaches to Financial Management and produces succinct findings and recommendations • The report addresses and assesses the organisation’s budget cycle, including its various components and how they link with financial objectives and the business plan at operational and strategic levels. In undertaking this, financial terms should be used appropriately and with ease • The report must include short /intermediate financial planning horizons and the various stages of budget preparations. It should also refer to ZBB and financial control mechanisms. These aspects may include feedback reporting systems, variance analysis and how ICT can be used to enhance financial management • Examples of financial forecasting and the production/construction and interrogation of P & L accounts, cash flow statements and balance sheets should also feature in the report • Costing systems, including worked examples, making the correct use of financial terminology, should feature in the report. Fixed and variable costs, unit contribution, direct and indirect costs, assigning costs and recovery rates for different cost centres as well as ABC should be covered by the candidate • The importance of ‘break-even’ analysis and the relationships between cost, profit and volume must be included in the report. A worked example should be presented • Different methods of projecting capital investment costs and returns, including the ‘time’ factors, accounting flows and the importance of taxation and inflation should be included if appropriate to the organisation, as should APR, NPV and weighted capital costs as part of cash flow projection appraisal

Designation: - Core Module - **Financial Management** (4258) - Overall Quality of the Report

Grade	Overall Quality of the Report
MERIT/PASS	<ul style="list-style-type: none"> • The candidate's report should include strong reference to internal and some reference to an external organisation/sector in describing current practice. This should lead to a sound comparison of different approaches to Financial Management. The findings should lead to recommendations for change if appropriate • The report should describe and comment on the organisation's budget cycle, its various components and indicate how these link with financial objectives in both the operational and strategic management of the company. Financial terms should be appropriately used in most instances • The report should include short and intermediate aspects of financial planning, and comment on the various stages of budget preparations. It should include some reference to ZBB and financial control mechanisms, as well as feedback and reporting systems, variance analysis and the use of ICT • Financial forecasting, and some examples of P & L accounts, cash flow statements and balance sheets, with some commentary should also feature in the report • Costing systems, including examples, should be included. These examples should use appropriate financial terminology, such as fixed and variable costs, unit contribution, direct and indirect costs, assigning costs and recovery rates for different cost centres, as well as ABC • Break-even' analysis and the relationships between costs, profits and volume must be included in the report. An example should be given, although this may lack detailed commentary • Different approaches to projecting capital investment costs and returns, including the 'time' factors, as well as accounting flows and the importance of taxation and inflation should be described, if they are appropriate to the organisation. This may not be as well addressed as in the report that gains a distinction grade. For higher marks, the candidate should refer to APR, NPV and weighted capital costs, as part of cash flow projection appraisal

Designation: - Core Module - **Financial Management** (4258) - Overall Quality of the Report

Grade	Overall Quality of the Report
FAIL	<ul style="list-style-type: none"> • The candidate’s reference to internal and possibly external organisations lacks depth, and does not adequately describe current or best practice. The report lacks sufficient detail to lead to sound, logical findings or form a basis on which to make financial recommendations for change • The report may describe, but fail to critically comment upon, the organisation’s budget cycle, the budget components, and does not indicate how these should link with financial objectives or operational and/or strategic management of the company. Financial terms are inappropriately used. • The report does not refer to both short and intermediate aspects of financial planning and makes few worthwhile comments on the stages of preparing a budget. It ignores ZBB and financial control mechanisms in any detail, in that feedback and reporting systems, variance analysis and the use of ICT as an aid to these, is absent • Financial forecasting, and examples of P & L accounts, cash flow statements and balance sheets, accompanied by reasonable commentary are absent • If costing systems and examples are included, incorrect use is made of financial terminology. Ineffective or superficial reference is made to fixed and variable costs, unit contribution, direct and indirect costs, assigning costs and recovery rates for different cost centres or ABC • Break-even’ analysis and the relationships between costs, profits and volumes are not included in sufficient detail to be convincing. An example is not included • Approaches to projecting capital investment costs and returns, including the ‘time’ factors, as well as accounting flows are superficially addressed. Taxation and inflation are ignored or inappropriately covered