



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

FINANCIAL MANAGEMENT

4258/01

Core Module

Valid between 1 January 2007 and 31 December 2007

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 4000 words. Marks will be deducted from assignments that exceed the word limit.

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



Financial Management – Core Module

Title: Financial Practice for Effective Management

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

For this assignment 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). This assignment requires you to study the financial documents and processes at department or project level. However, if your organisation generates such documents at a level other than department or project, then your study could focus on this. In your assignment, clearly describe the level you have selected.

Describe how finances are managed within your department or project, including the use of budgets and how these are established. Explain how your financial management processes fit into the overall strategic and operational planning processes for the organisation. Clearly explain the importance of effective financial management in your department or project to the successful achievement of its objectives. In your explanation state the limitations of your authority regarding expenditure. Explain how ICT is used in financial management in your organisation, or how it could be used.

Using your own organisation's protocols, prepare a financial statement that summarises the current position of your department or project against budget. Compare actual and budgeted expenditure and identify variations. Explain the significance of these variations and why they may have arisen.

Describe the planned activities of your department or project over the next accounting period. Based on this, and using the financial statement summary that you have previously presented, prepare a departmental or project budget for the next accounting period. This should contain at least a Profit and Loss account, cash flow statement and balance sheet. Justify all your financial statements and identify their possible impact on future activities within the department or project.

Identify a possible capital investment that would help your department or project to work more effectively. Research the costs of this investment and consider how it could be financed. Use a range of costing models to project the return on this investment and draw conclusions about the feasibility of such an investment.

Identify the different financial processes and protocols that organisations use. It is useful to compare different types of organisations, based on geographical location, products or services, and size. Compare these with the processes and protocols used by your own organisation, identifying the benefits and drawbacks of each approach. Summarise your findings and draw critical conclusions about the effectiveness and suitability of your organisation's financial processes and protocols.

Write a report to your manager, or other suitable person, summarising the current financial situation in your department or project and present your proposed budget for the future. In the report, you should also describe your capital investment appraisal and include a cost-benefit analysis for this or any other recommendations. Offer constructive comment on the organisation's financial processes and protocols, making recommendations for change where appropriate.

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 financial management have been applied in line with the module syllabus. You should include in your report your research methodology.

At the start of your assignment report, indicate the number of words used, which should not exceed the maximum permitted total of 4000.