



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

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**FINANCIAL MANAGEMENT**

**4258/01**

Core Module

**Valid between 1 January 2008 and 31 December 2008**

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**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 **4** printed pages.



## **Financial Management – Core Module**

### **Title: Managing the Financial 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.

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) and your involvement in it.

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 and your associated involvement.

Describe how finances are managed within your department or project, including the nature and 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.

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 as well as their potential impact on associated financial management and any action that needs to be taken or has been taken as a result of them.

Consider any two or more of the following negative changes on your organisation, department or project:

An annual salary/wage increase by 8% across the organisation

An immediate supplier/materials cost increase by 9.5%

An annual projected decrease for this year in sales by 11%

An immediate annual projected plant/machinery cost increase by 17%

For this year, an annual premises cost increase by 5%

Now consider any two or more of the following positive changes on your organisation, department or project:

An annual salary/wage decrease across the organisation by 9%

An immediate annual supplier/materials decrease by 11%

A projected annual increase in sales by 23%

An immediate annual investment increase by 6.5%

An immediate decrease in corporation tax (or equivalent) by 3.5%

Using the current budgetary information and your summary as a basis, devise two budgets and detailed monthly (or equivalent) cash flow forecasts for the next accounting period, showing the effects of your chosen changes. One of these will be a "worst case" scenario based upon two or more negative impacts and the other, a "best case" scenario, will be based upon two or more positive impacts. Indicate clearly any assumptions that you make in constructing the financial documents.

Produce a summary report describing your analysis of these two scenarios. From this, draw up a budget forecast for the next accounting period indicating how this will ensure that the organisation is profitable or works within its financial limitations.

Consider an expected growth of your organisation that requires the acquisition of further premises or the purchase of new equipment. Identify possible options for suitable premises or equipment. Carry out a financial feasibility study on your chosen investment through purchase or lease. Use a range of costing models to project the return (or impact) 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, as well as financial control methods used. 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 conclusions about the effectiveness and suitability of your organisation's financial processes and protocols.

Present your financial review to your manager for comment. Include your summary of the two scenarios and your feasibility study for additional premises or equipment. Offer constructive comment on the organisation's financial processes and protocols, making cost beneficial 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 primary and secondary research methodology.

At the start of your assignment report, indicate the number of words used, which should not exceed the maximum permitted amount of 4,000 for the main body of the report.

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