



Professional Qualification in BUSINESS MANAGEMENT

Level 4 Diploma

UNIT 2 - FINANCIAL ANALYSIS AND PLANNING

Question 1

- (a) **Explain why** it is important for organisations to analyse its financial information. (3 marks)
- (b) **Compare TWO appropriate** financial analysis techniques which an organisation could use to predict future profitability. (12 marks)
- (c) **Recommend** which technique referred to in Question 1b would be the **most appropriate** to determine if an organisation is likely to remain solvent. **Justify** your answer. (5 marks)

Question 2

- (a) **State THREE** accounting software packages available to an organisation. (3 marks)
- (b) **Compare how TWO** of the accounting software packages referred to in Question 2a are used to analyse financial information. (12 marks)
- (c) **Suggest** which accounting software package referred to in Question 2b is **most likely** to support effective financial management. **Justify** your answer. (5 marks)

Question 3

- (a) **Compare** the benefits of financial planning with the benefits of budgeting. (6 marks)
- (b) **Distinguish** between **THREE key** factors which need to be considered when a manufacturing organisation plans a budget. (11 marks)
- (c) **Suggest** which key factor referred to in Question 3b is most likely to apply to a manufacturing organisation **in the current economic climate**. **Justify** your answer. (3 marks)

Question 4

Illustrate why identifying budget variances is important when monitoring a budget. Use examples and/or diagrams to support your answer. (20 marks)

Question 5

Distinguish between the strengths **and** weaknesses of **THREE** sources of finance available to a public limited company. (20 marks)