



## Professional Qualification in BUSINESS MANAGEMENT

### Level 4 Diploma

#### UNIT 2 - FINANCIAL ANALYSIS AND PLANNING

##### Question 1

- (a) Explain the importance of financial information for an organisation that you have studied. (10 marks)
- (b) Suggest how the analysis of financial information by an organisation might assist that organisation to make accurate forecasts for future decisions. (10 marks)

##### Question 2

- (a) Explain the importance of a balance sheet to an organisation. (6 marks)
- (b) Using your answer to Part (a), explain how an organisation might use its balance sheet to make decisions about their financial future. (14 marks)

##### Question 3

- (a) Explain the term 'cash flow forecast'. (4 marks)
- (b) Explain how an organisation might use a cash flow forecast for budgetary purposes. (16 marks)

##### Question 4

- (a) Describe FOUR elements that would need to be included in an annual budget. (8 marks)
- (b) Using your answer to Part (a), explain how TWO of these factors directly affect the balance sheet. (12 marks)

##### Question 5

- (a) Describe TWO sources of finance available to an organisation. (4 marks)
- (b) Using your answer to Part (a), explain how both sources affect the running of the business. (16 marks)