



## Professional Qualification in BUSINESS MANAGEMENT Level 4 Diploma

### UNIT 2 - FINANCIAL ANALYSIS AND PLANNING

#### Question 1

- (a) **Suggest** why businesses engage in financial forecasting. (8 marks)
- (b) **Recommend** the tools and techniques that a business is going to find most useful in its financial analysis. (12 marks)

#### Question 2

- (a) **Explain** what is meant by a budget variance. (8 marks)
- (b) **Discuss** how a business should respond to a budget variance. (12 marks)

#### Question 3

**Discuss** whether financial ratios or non-financial ratios are likely to be more important to a business organisation in monitoring its financial position. (20 marks)

#### Question 4

- (a) **Assess** whether there is a link between the organisational status of a business and its ability to obtain finance. (8 marks)
- (b) **Recommend** whether a small firm would be better advised to obtain finance through an overdraft or through a loan. (12 marks)

#### Question 5

- a) **Assess** the possible impact of the internal structure of a business on its financial planning. (8 marks)
- (b) **Discuss** the effect that a change in political and economic factors in the wider economy could have on the financial analysis and planning of businesses. (12 marks)