



Professional Qualification in BUSINESS MANAGEMENT

Level 4 Diploma

UNIT 2 - FINANCIAL ANALYSIS AND PLANNING

Question 1

Explain **TWO** possible reasons why businesses make financial forecasts. (8 marks)

Suggest why it may be difficult for a business to make an accurate financial forecast. (12 marks)

Question 2

Describe **TWO** fundamental features of a budget. (8 marks)

Discuss the importance of budgets to a business in the public sector despite the existence of budget variances. (12 marks)

Question 3

Discuss the relationship between risk and return for an investment company. (20 marks)

Question 4

Explain why sole trader businesses find it more difficult than public limited companies to obtain finance. (8 marks)

Discuss why a business might decide to obtain finance through an overdraft rather than a loan. (12 marks)

Question 5

Describe **TWO** factors that could influence the financial planning of a business. (8 marks)

Discuss how a manufacturing firm could use financial planning for its competitive advantage. (12 marks)