



Professional Qualification in BUSINESS MANAGEMENT

Level 4 Diploma

UNIT 2 - FINANCIAL ANALYSIS AND PLANNING

Question 1

(a) Explain **TWO** reasons why it is important for the managers of a business to have a good understanding of its finances. (8 marks)

(b) Discuss the tools that are available to support effective financial management. (12 marks)

Question 2

(a) Explain **TWO** factors that can influence the budget of a large private sector organisation. (8 marks)

(b) Suggest how a budget could be affected by trends in business cycles. (12 marks)

Question 3

Discuss how financial performance indicators (FPIs) can be used to effectively monitor an organisation's financial position. (20 marks)

Question 4

(a) Describe **TWO** external sources of finance for a business organisation. (8 marks)

(b) Suggest why a business might prefer to finance its expansion through internal, rather than external, sources of finance. (12 marks)

Question 5

(a) Explain, with the use of examples, what is meant by strategic financial planning. (8 marks)

(b) Discuss how changes in the wider business environment could affect financial planning. (12 marks)