



# ICM

DECEMBER 2016

FINANCIAL DECISION MAKING

**Instructions to candidates:**

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
  - b) Answer **ALL** questions
  - c) Marks for each question are shown in [ ]
  - d) Non-programmable calculators are permitted in this examination
  - e) The following questions are based on the pre-issued material provided for the company **SPORTYCAR LTD**. You are allowed to bring notes (up to two pages, i.e. four sides of A4) of analysis based on this case study into the examination. **These notes should be handed in and attached to your answer script when you have completed the examination**
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- 1. Write a short report in which you:
    - a) critically analyse the recent performance of SportyCar Ltd. [18]
    - b) suggest how the business may expand and improve its profitability. [7]
  - 2.
    - a) Suggest and discuss a management technique which would assist SportyCar Ltd to achieve the aims referred to in their mission statement. [15]
    - b) Discuss the relevance of absorption costing to SportyCar Ltd. [10]
  - 3.
    - a) Examine the position statement (balance sheet) of SportyCar Ltd and fully discuss how they have financed the company to date. [12]
    - b) Evaluate the importance of budgetary control to SportyCar Ltd. [13]
  - 4.
    - a) Discuss the potential sources of long-term finance available to a large corporate body. [13]
    - b) Discuss the potential sources of short-term finance available to a large corporate body. [12]