



ICM

MARCH 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 **FBC Foods plc**. 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. a) Draft an outline report in which you critically analyse the financial performance of the company over the last financial year. Ratios are to be included in an appendix to the report. [15]
b) Discuss the role of the Cash Flow Statement within the context of the annual published report and accounts of a business such as FBC Foods plc. [15]
 - 2. a) Critically evaluate the possible sources of short-term finance available to FBC Foods plc. [10]
b) Discuss the role of total absorption costing in the context of pricing garments for sale in the Retail Division of FBC Foods plc. [10]
 - 3. The management of FBC Foods plc rely on a corporate centre to monitor the progress of the overall business. One of the tools used by the corporate centre to drive the success of the business is the use of budgetary control. Fully discuss the benefits of a well-structured budgetary control system. [25]
 - 4. a) Evaluate the long-term sources of finance available to a large plc such as FBC Foods plc. [15]
b) Critically analyse the role of Management Information Systems. [10]