



ICM

MARCH 2017

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 **FoodtoGoGo 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**
-
1. Write a short report in which you:
 - a) critically analyse the financial performance of FoodtoGoGo Ltd over the last five years, making full use of the data provided in the case study. [25]
 - b) make recommendations as to how FoodtoGoGo Ltd may continue to increase revenue and profits in the next few years. [10]
 2.
 - a) The management of FoodtoGoGo Ltd are considering implementing the use of the balanced scorecard in order to assist in achieving many elements of their current mission statement. Advise the management of the benefits of the balanced scorecard. [15]
 - b) Discuss the relevance of the use of investment appraisal techniques during the initial discussions regarding the viability of EACH and EVERY prospective new outlet. [10]
 3.
 - a) Bearing in mind that most of the asset value of FoodtoGoGo Ltd is real estate (land and buildings), make recommendations as to how they finance future acquisitions. [15]
 - b) Evaluate the importance of cash control at each outlet of FoodtoGoGo Ltd. [10]
 4. As part of FoodtoGoGo Ltd's Management Information System, basic fixed budgetary control has been used. Evaluate the deficiencies of fixed budgets, and explain why the use of flexible budgeting may bring improvements in their reporting system. [15]