



PGBM01 - FINANCIAL MANAGEMENT AND CONTROL

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Canvas Turnitin Submission Deadline: Tuesday 9th July 2024 by 2 PM

Assessment weight: 100% of the module

Outcomes Assessed: All

This assessment is in three parts, please answer all elements.

Please note that this is an individual assignment and the university's "Policy on Cheating, Collusion and

Plagiarism" applies. All calculations and tables are subject to plagiarism policy of the University. All tables

and calculations should be your own work.

Please write your Tutor's name clearly on the front of the assignment.

This assessment covers the following learning outcomes from the module.

Knowledge

K1. A critical understanding of the key strategic financial statements of an organisation.

K2. Understanding and evaluation of the uses of both quantitative and qualitative accounting information within an organisation.

K3. Knowledge and understanding of theoretical concepts and frameworks to a range of practical situations in order to propose solutions to strategic business problems.

Skills

S1. The cognitive skills of critical thinking and analysis in showing how the finance function can make a significant contribution to the successful strategic management of an organisation.

S2. The skills necessary to communicate effectively at a senior level and be able to put these skills into practice.

S3. Development of the skills required to independently access and process financial data.

Part A

Question 1: Unilever PLC

Unilever PLC is a United Kingdom-based fast-moving consumer goods (FMCG) company. The Company operates through three segments: Beauty & Personal Care, Foods & Refreshment and Home Care. The Beauty & Personal Care segment is engaged primarily in the sales of skin cleansing (soap, shower), hair care (shampoo, conditioner, styling), skin care (face, hand, and body moisturizers) and deodorant categories. The Foods & Refreshment segment is engaged primarily in the sales of ice cream, savory (soups, bouillons, seasoning), dressings (mayonnaise, ketchup) and tea (including Ekaterra) categories. The Home Care segment is engaged primarily in the sales of fabric care (washing powders and liquids, rinse conditioners) and a range of cleaning products. Its customer partners range from traditional stores to online-only retailers, and from small family-owned shops to value retailers. Its subsidiaries include Unilever de Argentina S.A., Unilever Australia Limited, Unilever Canada Inc and Ekaterra B.V. (Unilever, 2022).

Required:

Task1A: From the company website **prepare** a structured report for Board of Unilever PLC to evaluate the performance and position of the company in relation to relevant **three ratios** of each type including *Profitability, Liquidity, Gearing, Asset utilisation, Investment* between the **two recent accounting periods** (provided on Canvas).

(i). Your report must be supported by the calculations of relevant ratios, identify trends, highlight impacts, give effective solutions, and advise Unilever or relevant stakeholders based on your analysis. **Marks (15%)**

(ii) Use a relevant business performance model to evaluate your ratio analysis.

Marks (5%)

Task1B: Hypothetically, a sales revenue and direct costs for a tonne of one of the Unilever product 'OMO' is €15M and €7M respectively. Total fixed cost for the year ending March 2022 was €160M.

Calculate Breakeven of sales in both unit and cash, Contribution margin ratio, and Operating leverage (assuming actual sales quantity of 80M units was increased by 10%). Also **discuss** each metric and how *Breakeven point* impacts on *profitability ratio*.

Marks (10%)

Note: All calculations should be clearly shown including all appropriate workings and should be made to the nearest €000 or two decimal places where required

Total Marks for Part A: (30)

Part B

Assuming directors of Unilever PLC have decided to purchase a new machine to enhance the capacity to benefit from the expected increase in demand of their two products, 'Personal Care' and 'Home Care'. Two versions of machines are available from different manufacturers at the same cost of €630M. Both machines have six years useful life and will be sold at estimated price of €90M at the end of sixth year. The company will use straight line method for depreciation of these machines. Cost of capital for both machines is 6%.

The directors are to purchase one machine from the available two, same cost and net cash inflow from both machines is confusing them to take decision. You are Finance Manager of Unilever PLC and directors have asked you to produce a report which should highlight the economic feasibility for decision making for next AGM. Further information regarding net cash inflow from both machines is provided below:

Years	Personal Care	Home Care
	Cashflow(€M)	Cashflow(€M)
0	(630)	(630)
1	300	95
2	250	100
3	200	150
4	150	200
5	100	250
6	95	300

Task 2A: You are required to **calculate** (2-decimal places) using the following investment appraisal techniques, **and** provide recommendations as to the economic feasibility of acquiring the suitable machine:

- a. The Payback Period.
- b. The Discounted Payback Period.
- c. The Accounting Rate of Return.
- d. The Net Present Value.
- e. The Internal Rate of Return (to two decimal places)

Marks (15%)

Task 2B: **Critically evaluate** the key benefits and limitations of each of the differing investment appraisal techniques, supporting this response with relevant academic research as to whether each of the differing techniques is applied in practice within a real-life business context.

Marks (10%)

Unilever PLC planning to meet the environmental protection strategy including an introduction of the UN approved 120-litre plastic open-top drums, known as the 'Blue-drum'. It was highlighted in 2022 AGM that 'Comfort' one of their products delivered high growth in Latin America, South Asia, and Turkey, but declined in Europe where consumers reduced their spending in the category. Hence, the company is trying to reduce cost in producing plastic containers used for this washing detergent product, 'Comfort'.

Assume that cost of manufacturing a ten-pack of Blue-drum includes direct material at €19, direct labour is €11 and variable overheads at €3. The depreciation of a special equipment is €7 with no resale value, supervisors' wages is €6. Including the general factory overheads which is allocated based on direct labour hours, the total cost manufacturing is €55 per a drum, based on 20,000 packs of drum produced each year. However, an external supplier, unlisted PLC has offered to provide the same quantity at €45 per drum.

Task 2C: Critically discuss factors that Blue-drum PLC should consider choosing between the making or buying of the 'Blue-drums'.

Marks (15%)

Task 2D: You are also required to **critically evaluate** three relevant factors to be considered for suitable sources of finance to fund the Blue-drum investment compared to the unlisted PLC supplier of plastic Blue-drum.

Marks (10%)

Note, All calculations should demonstrate the appropriate workings that are used to derive the solution and should not be performed in Microsoft Excel.

Total marks for Part B – (50)

Part C: Budgeting and Financial plan

Required:

Research Unilever PLC and complete the following task:

Task 3A: Critically evaluate the impact of budgeting process on any potential project and **demonstrate** how budgets, objectives, and strategic plans are related.

Marks (10%)

Task 3B: Briefly discuss the significance of Business plan and **analyse** key elements of its financial plan section of a proposed business plan.

Marks (7%)

Task 3C: There is a growing nascent for using of Artificial Intelligence (AI) and Machine Learning (ML) in financial community. **Critically discuss** (*in 5-line of words*), how either AI or ML could be effective in preparing a long-term budget.

Marks (3%)

Total marks for Part C: (20)

End of Questions

Note:

1. To obtain a high mark, you should:

- a. Make your report concise, precise and well-presented and structured.
- b. Draw logical conclusions from accounting information.
- c. Synthesise information in a coherent and useful way.
- d. Show evidence of key text and background reading.
- e. Incorporate your knowledge into an integrated piece of work.
- f. Demonstrate critical understanding of financial management.

2. A Harvard standard referencing is required for the report

Limit overall words 3,500 (+- 10%) excluding calculations in appendix

Generic Assessment Criteria – Postgraduate

These should be interpreted according to the level at which you are working as specified in this assignment.

Assessment Criteria

		Categories						
	Grade	Relevance	Knowledge	Analysis	Argument and	Critical Evaluation	Presentation	Reference to Literature
Pass	86 – 100%							
	76-85%							
	70 – 75%							

86 – 100% The work examined is exemplary and provides clear evidence of a complete grasp of the knowledge in all calculations, understanding and skills appropriate to the Level of the qualification. Student must have demonstrated an excellent knowledge and understanding of theoretical concepts and frameworks to all practical situations in order to propose solutions to strategic business problems. There is also ample excellent evidence showing that all the learning outcomes and responsibilities appropriate to that Level are fully satisfied. At this level it is expected that

76-85% The work examined is outstanding and demonstrates comprehensive knowledge in calculations, understanding and skills appropriate to the Level of the qualification. Student must have demonstrated a very good knowledge and understanding of theoretical concepts and frameworks to all practical situations in order to propose solutions to strategic business problems. There is also excellent evidence showing that all the learning outcomes and responsibilities appropriate to that level are fully satisfied. At this level it is expected that

70 – 75% The work examined is excellent and is evidence of comprehensive knowledge in calculations, understanding and skills appropriate to the Level of the qualification. Student must have demonstrated a very good knowledge and understanding of theoretical concepts and frameworks to most practical situations in order to propose solutions to strategic business problems. There is also excellent evidence showing that all the learning outcomes and responsibilities appropriate to that level are satisfied. At this level it is expected that the work

60 – 69%	Directly relevant to the requirements of the assessment	A substantial knowledge of at least 60% of overall calculations with a clear and relevant	Good analysis, clear and orderly approaches associated with	Generally coherent and logically structured, using an appropriate mode of argument and/or theoretical mode(s) and frameworks to a independent	May contain some distinctive or independent thinking; may begin to formulate an independent	Well written, with standard spelling and grammar, in a readable style with acceptable format	Critical appraisal of up-to- date and/or appropriate literature. Recognition of different perspectives. Very good use of source
50 – 59%	Some attempt to address the requirements of the assessment: may drift away from this in less focused	Adequate knowledge of a fair range of at least 50% of overall calculations with a clear and relevant	Some analytical treatment, but may be prone to description, or to narrative,	Some attempt to construct a coherent argument, with appropriate frameworks but may suffer loss of focus and consistency, with issues at stake stated	Sound work which expresses a coherent position only in broad terms and in uncritical conformity to one or more standard	Competently written, with only minor lapses from standard grammar, with acceptable format	Uses a variety of literature which includes some recent texts and/or appropriate literature, though not necessarily including a substantive amount

