Financial Management I

Assignment Guidelines:

This task evaluates the fundamental principles, theories, and analytical tools of corporate finance in business decision-making. Students are expected to solve real-world financial problems, perform quantitative modelling using spreadsheets, and interpret computational results to assess cost structures, revenue drivers, capital investment feasibility, and the strategic role of the Chief Financial Officer (CFO).

Submission Format:

- Type: Practical Analytical Report (Financial Analysis Project)
- Font/Spacing: Times New Roman, Size 12, Double Spaced
- Word Count: 1500 – 2500 words (excluding formulas, financial tables, and computational appendices)
- Submission Deadline: To be announced by the respective professors

Assessment Criteria:

- Application of foundational corporate finance concepts and mathematical methods – 20%
- Accuracy of quantitative modelling, formula execution, and spreadsheet analysis – 25%
- Critical interpretation of financial performance metrics in business contexts – 20%
- Strategic financial insight, capital allocation, and quality of managerial recommendations – 25%
- Structure, technical reporting clarity, presentation, and APA referencing – 10%

Mandatory Sections:

- Title Page
- Table of Contents
- Executive Summary
- Introduction
- Theoretical Framework & Financial Concepts
- Financial Calculations & Scenario Analysis
- Discussion & Managerial Implications
- Conclusion & Recommendations
- References
- Appendices (Spreadsheet Output & Financial Schedules)

Assignment Task – Choose ONE of the following practical projects:

Option 1: Capital Budgeting, Investment Evaluation, and the Role of the CFO

Evaluate capital budgeting methods and investment selection frameworks used by Chief Financial Officers (CFOs) to allocate capital toward long-term business growth. Your paper should:

- Calculate Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period, and Profitability Index (PI) for competing capital project scenarios.

- Analyse the impact of cost of capital, inflation, cash flow volatility, and initial outlay variations on project valuations.
- Analyse real-world corporate capital investment decisions, including the role of strategic fit, risk evaluation, and financial metrics in executive choice.
- Create a capital allocation model and investment proposal in a spreadsheet for an enterprise capital project

Option 2: Financial Statement Analysis, Cost Management, and Performance Evaluation

Investigate financial diagnostic tools and ratio analysis to evaluate operational performance, cost structures, and profitability across corporate functions. Your paper should:

- Perform horizontal, vertical and ratio analysis (e.g. liquidity, solvency, activity, profitability) on selected financial statements (Balance Sheet, Income Statement, Cash Flow Statement).
- Examine the management of fixed and variable costs, operating leverage, and sources of revenue in the context of desired margins of profit and break-even points.
- Review and compare the financial statements and disclosures of a representative sample of firms within a particular industry to identify financial strengths, cost advantages, and areas of operational weaknesses.
- Develop an integrated financial performance and cost reduction plan for executive management.

Option 3: Working Capital Management, Short-Term Financing, and Cash Flow Optimisation

Analyse the principles and techniques of managing short-term assets and liabilities to balance corporate liquidity and profitability. Your paper should:

- Evaluate the Cash Conversion Cycle (CCC), inventory management strategies, receivables collection, and trade credit terms in business operations.
- Compare short-term debt instruments, commercial paper, and line of credit options for funding operational cash deficits.
- Discuss working capital strategies of established firms facing seasonal demand fluctuations or supply chain cash constraints.
- Develop a working capital management and cash flow forecasting roadmap to optimize short-term liquidity and reduce funding costs.