

CIMG Programme Pathway 4 Professional Advanced Diploma in Marketing

Financial Management for Marketers (PADM 402)

DECEMBER 2023

DURATION: 3 HOURS

The examination comprises of two parts:

Part A - a compulsory case study, worth 40 marks

Part B - answer any three questions, worth 60 marks in total

PART A

CASE STUDY

Sranak, a mid-sized retail company, located at Tesano in Accra focuses on serving customers with top-quality products sourced from local and international markets. After Covid-19, the shopping habits of customers have changed with many looking to online shopping. The company is yet to launch its e-commerce channel. In the meantime, it has initiated a new marketing strategy to boost sales and expand its market presence. You have been appointed as a marketing consultant to come and evaluate the company's performance in the last three years.

A highly condensed comparative income statement covering the last three years is shown in Table I and the company's current assets and current liabilities are shown in Table 2:

Table 1: Statement of Comprehensive Income

Sranak Company Ltd.			
Comparative Income Statement			
For the years Ended December 31, 2020, 2021, 2022			
(in Ghana cedis)			
Year	2022	2021	2020
Net Sales	600,000	500,000	400,000
Cost of Goods Sold	370,000	300,000	235,000
Gross Profit	230,000	200,000	165,000
Expenses	194,000	160,000	115,000
Net Profit	36,000	40,000	50,000

Table 2: Statement of Financial Position

Sranak Company Ltd	
As of December 31, 2022	
In Ghana Cedis	
Cash	40,000
Accounts Receivables	60,000
Inventory	80,000
Total Current Assets	180,000
Accounts Payable	60,000
Short-term loans	40,000
Current Liabilities	100,000

QUESTION ONE

Using the case scenario presented above, Answer all Questions in Section A.

- a) Prepare a report for the Marketing Department providing answers to the questions below:
 - (i) Explain the role and function of financial statement analysis: internally and externally for the firm. **(10 marks)**
 - (ii) Compute the year-on-year sales growth for 2020, 2021, and 2022. **(5marks)**
 - (iii) Based on your calculation make recommendations for future sales growth. **(5marks)**

- b) Refer to Table 1 and calculate the:
 - i. net profit margin for each of the years: 2020, 2021, and 2022 **(2 marks)**
 - ii. gross profit margin for each of the years: 2020, 2021, and 2022. **(2 marks)**
 - iii. explain what the answers in (i) and (ii) above indicate about the company's profitability for the period 2020, 2021, and 2022 **(6 marks)**

- c) A major supplier of fast-moving consumer goods is seeking to extend credit facilities to Sranak Ltd. Refer to Table 2 and compute the:
 - i. Working Capital for the firm (2 marks)
 - ii. Current Ratio for the firm (2 marks)
 - iii. Explain what the answers in (i) and (ii) above indicate about the company's financial position and short-term debt-paying ability. **(6 Marks)**

PART B

ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION TWO

As a marketing consultant for a startup company

- (i) Discuss why it is important for marketers to distinguish between fixed and variable costs. **(6 marks)**
- (ii) Explain how marketers use cost-volume-profit analysis in the decision-making process. **(8 marks)**
- (iii) Explain how break-even analysis is used for decision making in a business and show how break-even is computed. **(6 marks)**

QUESTION THREE

Using a company of your choice, discuss how budgets can be used as a tool for controlling and evaluating organizational performance. Using an organization of your choice discuss three (3) benefits and two (2) limitations of a budget for the company. **(20 Marks)**

QUESTION FOUR Consider a company in the manufacturing sector looking to expand its production capacity. You have been employed as a marketing intern. Prepare a presentation outlining answers to the following questions:

- (i) Explain the role of financial strategy and how it relates to shareholder value. **(10 marks)**
- (ii) Discuss the impact of taxation and inflation on financial strategy decisions. **(10 Marks)**

QUESTION FIVE

As a marketing consultant, you are required to do a presentation to management that will provide answers to the following questions:

- (i) Explain the nature of risk and how a firm can benefit from understanding and appreciating risk management. **(10 marks)**
- (ii) Identify the main forms of both financial and operating risk and discuss the frameworks of corporate governance. **(10 Marks)**

QUESTION SIX

An organization has contracted you as a marketing consultant. Explain why it is important to consider non-financial performance measures, and how they relate to financial measures using the Balance Score Card. **(20 Marks)**