

MA IN HERITAGE MANAGEMENT

University of Kent and the Athens University of Economics & Business

Finance for Cultural Organizations

Assessed Coursework Assignment

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1 Introduction

This assignment aims to familiarise you with the concepts of business plans, financial statements and investment appraisal. By completing this assignment, you will be able to understand how these concepts can be used in financial management and accounting.

You are asked to select and manage a cultural organisation. You will create a financial business plan that will tie together an income statement, a purchases budget, a cash budget, and a pro forma balance sheet. You are expected to use the techniques taught in the “*Finance for Cultural Organizations*” module.

2 Report

Your report should include:

- a) The description of the organisation/project that you selected, and any potential assumptions that you may have to take throughout the assignment.
- b) **Income Statement.** To complete this first step, you need to project monthly sales and expenses. This requires estimates of monthly sales volume, selling price, and cost behaviors. The following are some indicative variables that you may use in developing your model.
 - Annual sales
 - Monthly sales patterns (eg. during holidays maybe the sales are increased)
 - Selling Price
 - Annual cost behaviors:
 - Fixed Variable
 - Salaries & wages
 - Advertising
 - Supplies

- Local taxes
- Insurance
- Miscellaneous

The above fixed expenses are for the entire year. Assume fixed expenses are incurred evenly throughout the year. Your assignment is to produce a computer spreadsheet that will generate monthly income statements for the entire year. The spreadsheet should allow for easy manipulation of annual volume, selling price, and changes in cost behavior.

c) **Purchases budget, balance sheet, and cash budget.** After completing the projected income statement, you are now able to prepare the purchases budget, cash budget, and balance sheet. The purchasing budget is used to plan material purchases. The purpose of the cash budget is to predict our cash position at the end of each period, thus allowing us to plan short-term borrowing if it is needed. We create the cash budget by determining the amount and timing of cash receipts and cash payments. To do this, we make certain assumptions about expected cash flow patterns. The following assumptions apply to all projects under consideration:

- Revenues are collected in the month of sale.
- Salaries and wages are paid in the month incurred.
- Advertising is paid in the month incurred.
- Supplies are purchased and paid in the month before use.
- The local taxes are paid 50% in April and 50% in October.
- All miscellaneous expenses are paid in the month after they are incurred.
- The long-term loan carries a 12% interest rate.
- You receive a steady rate of donation equal to 20% of your total expenses per month.

d) In addition to the amount and timing of cash flows, we need to know what our initial financial position is. Financial position is captured by the **balance sheet**. The balance sheet is a listing of our resources (assets), our obligations (liabilities), and the net worth of the business (owner's equity).

e) **Investment appraisal.** Finally, at the end you have to appraise the investment using the NPV, the IRR and the Payback Period.

The report should be written for a potential donor of your investment company that has limited knowledge financial management and accounting, and a particular liking for graphs and tables.

3 Style Requirements

Your report should be word processed and no more than 10 A4 pages (including graphs, references, footnotes, etc.). The maximum word limit is 4000 words. You must use Times New Roman font at 12 point. The *only* exceptions to this rule are footnotes and tables where you can reduce the font size to 10 point. Character scale must be 100% and spacing and position must be normal (the default options). You must use normal margins (2.5cm top, bottom, left and right). Line spacing must be 1.5 lines with an extra line between paragraph and headings. The cover page of the report (containing title, team number, registration numbers of the team members, number of words and abstract/executive summary) is excluded from the page and word limit. Any violations of these restrictions will be penalized according to the Division's policy on presentation and submission of assessed coursework. Note that this is an assessed assignment that will count for 40% towards your final mark for this course.

4 Instructions for the Group-based Coursework Assignment

Students should form groups of 4. The members of each group are required to produce a joint group report, which will be assessed by the School's examiners. **Individual coursework will not be accepted and a mark of zero will be given to students who do not submit their coursework as a part of a team.**

The examiners will assess the group report and award a "group mark" using the criteria on the feedback sheet attached at the end of this document.

5 General Instructions for handing in assignment

The cover page of the report should contain the title, names and registration numbers of the team members, the number of words and an abstract/executive summary. The report should be submitted **electronically** at dpsycho@unipi.gr by **the 10nd of January 2012, (4:00 pm)**.

It is each team's collective responsibility to ensure that the report and individual contribution forms are submitted in time. The School accepts no responsibility for the loss of submissions not handed in according to these instructions.

Late submission, violations of the page limit and plagiarism will all be penalized. For details on these issues and on the return of marks, please refer to '*The rules on presentation & submission of assessed coursework*' on the Division's intranet or in your P/G handbooks and guides.

Assessed report: feedback and marking sheet

This sheet indicates your performance against key criteria. Your final mark represents an assessment of the overall quality of your coursework, taking account of these criteria, but not according to any set formula.

Student Registration Number:

Course: Finance for Cultural Organizations

	<40	40-49	50-59	60-69	70+
1. The purpose and the target audience of the report are correctly recognised.					
2. The report addresses the requirements as outlined in the assignment.					
3. The report shows a clear and critical understanding of the issue investigated.					
4. The report shows comprehension of the material covered during the module.					
5. Graphs, if included, are appropriate, and clear.					
6. The report is appropriately structured.					
7. There is a good, appropriate conclusion.					
8. The report shows evidence of original thought and independent research capabilities.					
9. Citations and bibliography are accurate & appropriate.					
10. The writing style (sentence construction, paragraphing, grammar, spelling, precision) achieves a good, uniform standard.					

Markers overall assessment and specific comments:

Mark awarded (out of 100%):