# Module: Financial Planning and Growth

### Topics

This module includes the following three topics:

Topic 1: Short-term Financial Planning

Topic 2: Long-term Financial Planning

Topic 3: Sustainable Growth Rate

## Topic 1: Short-term Financial Planning

This topic examines how to prepare a short-term financial plan.

### Readings

Introduction, Sections 1.1 and 1.2

#### **Learning Problems**

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Short-term Financing Planning

**Answer Keys**

The question Short-term Financial Planning and the Video Segments 1.1 through 1.13 should be done concurrently as the videos explain the question. A blank budget template is provided on the Moodle site that students can complete manually as they work through the problem and listen to the videos. A fully automated Excel spreadsheet containing all the formulas and inputs is also included that students should review carefully after completing the videos. With a properly constructed input page, the income statement, cash budget, and balance sheet for the next year calculate themselves automatically with the exception of a few cells (appearing in red) that required human input.

Short-term Financing Planning

Video Segment 1.1: Introduction

Video Segment 1.2: Income Statement

Video Segment 1.3: Cash Receipts

Video Segment 1.4: Cash Disbursements

Video Segment 1.5: Financing

Video Segment 1.6: Balance Sheet (Assets)

Video Segment 1.7: Balance (Liabilities)

Video Segment 1.8: Key Financial Ratios

Video Segment 1.9: Reasons for Cash Shortage

Video Segment 1.10: Steps to Generate Additional Cash Flows

Video Segment 1.11: Steps to Increase the Current Ratio

Video Segment 1.12: Steps to Reduce the Long-term Debt to Total Capitalization Ratio

Video Segment 1.13: Overview of all Quarters

**Case Study No. 1**

Students should begin the Miner’s Auto Centre case described in the Case Studies section of the Moodle site. Please watch the Introductory Video before beginning the case assignment which is due by midnight on February 27.

## Topic 2: Long-term Financial Planning

This topic examines how to prepare a long-term financial plan for an organization using the percentage of sales method.

### Readings

Section 1.3

#### **Learning Problems**

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Percentage of Sales Method

Adjusting Asset Requirements for Excess Capacity

**Answer Keys**

Percentage of Sales Method (including spreadsheet)

Adjusting Asset Requirements for Excess Capacity

## Topic 3: Sustainable Growth Rate

This topic discusses how to manage a company’s sustainable growth rate to better support long-term growth.

### Readings

Sections 1.4 and 1.5

#### **Learning Problems**

Analyzing Sustainable Growth at Wicker Company

Analyzing Sustainable Growth at Telsa Fashions

Analyzing Sustainable Growth at Caribou Manufacturing

Analyzing Sustainable Growth at Beluga Manufacturing

**Answer Keys**

Analyzing Sustainable Growth at Wicker Company

Analyzing Sustainable Growth at Telsa Fashions

Analyzing Sustainable Growth at Caribou Manufacturing

Analyzing Sustainable Growth at Beluga Manufacturing

## Module Summary

In this module, you learned how to prepare a detailed short-term financial plan and a more general long-term financial plan for a company and how to manage its sustainable growth rate.