

# FINANCE AND MANAGEMENT CASE STUDY

**Final Test of Professional Competence examination  
16 June 2005**

## QUESTION 1

**Time allowed – 40 Minutes**

**From 12.20 p.m. to 1.00 p.m.**

*The case study has been prepared on the assumption that candidates will not necessarily have a detailed knowledge of the type of organisation to which it refers. No additional merit will be accorded those candidates displaying such knowledge.*

*The weighting of the question is indicated in the parentheses at the end of the question.*

*Candidates should submit all papers produced during the examination, but they should distinguish clearly between formal answers (including appendices) and working papers.*



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# **FINANCE AND MANAGEMENT CASE STUDY**

## **QUESTIONS**

### **NOTES TO CANDIDATE**

- (i) Answers to be prepared as on 16 June 2005 by Pat Hology, Special Projects Manager at Academia College.
- (ii) The question below is intended to test the candidate's understanding of the situation in the case.

### **QUESTIONS**

1. Draft a briefing note for the Academia College Vice-Chancellor in response to the attached memorandum. (20%)

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ACADEMIA COLLEGE MEMORANDUM

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From ~ Vice-Chancellor – Polly Ticks

Date ~ 16 June 2005

To ~ Head of Finance & Audit – Mattie Matticks

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**Academia Central Theatre - Article**

I attach for your information a copy of a press report in this morning's Academia Chronicle apparently reporting the contents of a letter issued by the ACT Chief Executive to all staff and Governors of the theatre. I have not yet received a copy of this letter nor seen its detailed contents, but my secretary is arranging to get one. As you may be aware, the whole Academia College Management Team was absent yesterday for an off-site team-building day and the letter appears to have been issued in our absence. I am also conscious that the Director of Resources and Head of Personnel are away today, giving evidence at an employment tribunal.

As you will probably appreciate, various press reporters have already contacted the office this morning wanting a statement from the College and I have promised to issue a press release this afternoon. First, however, I need to speak to the ACT Chief Executive. I have College degree ceremonies which I must attend this morning and Dai is busy in rehearsals, but I have asked my secretary to obtain a copy of the relevant letter and I have made an appointment to see Dai just after lunch.

As the main issues appear to be finance and personnel related, I should be grateful if you would prepare a briefing note for me covering the following issues:

- ☐ Brief background to the letter;
- ☐ An evaluation of the potential for cost savings in the ACT Chief Executive's proposals, in the context of the ACT Finance Manager's 2005/06 revised budget;
- ☐ Identification of, and comment upon, the "errors of judgement" made by the ACT CE in issuing the letter to all staff and Governors and the lessons to be learnt for the future;
- ☐ An evaluation of the potential impact of the letter on ACT stakeholders;
- ☐ Suggestions as regards a broad approach to tackle and defuse the current situation.

I would suggest that you delegate this to your Special Projects Manager who has been heavily involved with the theatre recently and probably has the best knowledge base to address these issues.

*Polly Ticks*

Vice-Chancellor

# Theatre Cash Crisis Emergency Action

By June Nolisum - Arts Correspondent

**Staff, students and local supporters of the arts are all up in arms today about the actions being taken by Academia Central Theatre to resolve a serious financial crisis of its own making.**

Despite playing to critical acclaim under new Chief Executive and Artistic Director, Dai Wreckshon, the college-run theatre in Universe City has overspent its production budget and seriously failed to meet its box office targets in the current year.

In response, theatre management yesterday issued an ultimatum to its employees, effectively changing their conditions of service. At a hastily called meeting last night, attended by “just a handful of staff”, according to one of the theatre production engineers, the Chief Executive stated that the financial crisis meant that a whole series of changes was inevitable. “It was a lecture, not consultation”, said our theatre contact.

A Union spokesperson echoed this view and commented: “This kind of unilateral provocative action by management should be a thing of the past. The letter is a fiasco and riddled with errors of judgement by the Chief Executive. However, he has a reputation for this in the theatre world and his last theatre is still recovering!” As the employees affected are currently on College conditions of service, the actions by theatre management could have wider implications and strike action has not been ruled out.

College students are also outraged as the Chief Executive plans to cut back the hours spent by his staff teaching in order to concentrate on theatre productions. The Chronicle hears that students are already planning to make their feelings known by marching upon the Vice-Chancellor’s office tomorrow and demonstrating outside the theatre each evening.

The Chief Executive’s ultimatum also plans to axe amateur companies from performing in the theatre as these “detract from the theatre’s artistic reputation”. When told, Mu Zick of the local Amateur Operatic Society responded angrily. “Local amateur groups have always been keen supporters of the theatre, but if Mr Wreckshon wants change, then he can have it”, he growled.

When approached by the Chronicle, Sir Arthur Stich of the Fehe Arts Council, a major funder of the theatre, appeared unaware of the crisis and refused to comment.

Senior management at Academia College has also been remarkably silent on recent events and the Vice-Chancellor’s office has so far refused to comment. In fact, the Chronicle has discovered that the whole College management team was away enjoying themselves on a so-called “team-building day” when the shock announcements were made.

That’s what I call perfect timing!!

*Extract : Academia Chronicle - 16 June 2005*