

## Task 4

**To:** Alexander  
**From:** Sawsan  
**Subject:** Functional Areas  
**Date:** 29 November 2006

### **Tesco**

#### **Purpose of finance in Tesco**

The purpose of the financial for Tesco is that it takes responsibility for organising their financial and accounting affairs including their preparation and presentation of appropriate accounts, and their provision of financial information for managers.

#### **What does Tesco finance do?**

#### **Activities of Tesco finance function**

#### **Preparing accounts in Tesco**

The finance staffs in Tesco have of perform a range of activities related to the checking and recording of all amounts received and paid. In each case Tesco are entered into particular accounts. In Tesco, there will be accounts covering sales, purchases and expenses. Information like this is normally computerised in Tesco so up-to-date information can be processed straight away. The information Tesco obtain is known as management information because Tesco managerial decisions would be based on items being sold what popular bands are etc. Tesco financial accountant on the other hand is the person responsible for assembling all the accounts into a format that is required for legal reasons.

#### **Paying wages and salaries in Tesco**

Tesco wages section of the financial department will be responsible for calculating the wages and salaries of employees and organising the collection of Tesco income tax and Tesco national insurance for the Inland Revenue. This is usually computerised operation in Tesco and virtually all organizations pay their staff monthly, direct into their bank account, usually using a system known as credit transfer. Tesco bank transfers the money

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from their account to all their employees' accounts each month. Normally in Tesco this data is held on a computer, which does the calculations for the payroll staff. However, there may be differences once the data in Tesco is input into the computer which must be sorted out by payroll staff such as maternity leave, sick pay, temporary workers. Otherwise, the computer will do the calculations.

### **Obtaining capital and resources in Tesco**

Tesco capital is the money that their owner puts into their business. Most of this would be needed at the start up of Tesco to buy any items such as premises, machinery, etc. Once Tesco has made this initial investment it assumes that it will start to make profit. Tesco may not have enough money it needs to buy something in which case it may borrow money in addition or raise it in some other way. Banks are an important source of finance for Tesco. Also high streets banks lend money to Tesco. Large companies like Tesco have a wide range of choice of options and will be advised by their financial manager, they will access all the different ones. Generally Tesco will want to borrow from where there are cheap interest rates.

### **Link to other departments:**

Finance will be involved when discounts are agreed or when there are problems with customer payments. Finance monitors departmental spending and achievement of financial targets. Finance will communicate with human resources department over wage and salary matters. The finance and the sales department work together to achieve its aims of profit by selling more as when customers order online the sales team gets the orders and pass the order to the distribution team to distribute and the finance team produces invoices for the customers. Finance team is also involved when discounts are agreed or when there are problems with customer payments.

The finance and purchasing department work as a whole to achieve the aim of making a profit. If the finance department gives the purchasing department the money to buy goods that Tesco needs to operate with, it will help the purchasing department to carry out their tasks which means that Tesco will be running effectively.

### **Link to aim and objectives:**

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This helps Tesco to achieve its aim of profit by arranging loans and setting budgets and helps Tesco expand by setting budgets.

### **Superdrugs**

#### **Purpose of finance in Superdrug**

The finance department of Superdrug takes responsibility for organising their financial and accounting affairs including the preparation and presentation of appropriate accounts, and the provision of financial information for managers.

#### **What does Superdrug finance do?**

#### **Activities of Superdrug finance function**

##### **Preparing accounts in Superdrug**

The finance staffs in Superdrug have to perform a range of activities related to the checking and recording of all amounts received and paid. In each case Superdrug are entered into particular accounts. In Superdrug, there will be accounts covering sales, purchases and expenses. Information like this is normally computerised in Superdrug so up-to-date information can be processed straight away. The information Superdrug obtain is known as management information because Superdrug managerial decisions would be based on items being sold what popular bands are etc. Superdrug financial accountant on the other hand is the person responsible for assembling all the accounts into a format that is required for legal reasons.

##### **Paying wages and salaries in Superdrug**

Superdrug wages section of the financial department will be responsible for calculating the wages and salaries of employees and organising the collection of Superdrug income tax and Superdrug national insurance for the Inland Revenue. This is usually computerised operation in Superdrug and virtually all organizations pay their staff monthly, direct into their bank

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account, usually using a system known as credit transfer. Superdrug bank transfers the money from their account to all their employees' accounts each month. Normally in Superdrug this data is held on a computer, which does the calculations for the payroll staff. However, there may be differences once the data in Superdrug is input into the computer which must be sorted out by payroll staff such as maternity leave, sick pay, temporary workers. Otherwise, the computer will do the calculations.

#### **Obtaining capital and resources in Superdrug**

Superdrug capital is the money that their owner puts into their business. Most of this would be needed at the start up of Superdrug to buy any items such as premises, machinery, etc. Once Superdrug has made this initial investment it assumes that it will start to make profit. Superdrug may not have enough money it needs to buy something in which case it may borrow money in addition or raise it in some other way. Banks are an important source of finance for Superdrug. Also high streets banks lend money to Superdrug. Large companies like Superdrug have a wide range of choice of options and will be advised by their financial manager, they will access all the different ones. Generally Superdrug will want to borrow from where there are cheap interest rates.

#### **Link to aim and objectives:**

This helps Superdrug to achieve its aim of profit by arranging loans and setting budgets and helps Superdrug expand by setting budgets.

#### **Link to other departments:**

Finance will be involved when discounts are agreed or when there are problems with customer payments. Finance monitors departmental spending and achievement of financial targets. Finance will communicate with human resources department over wage and salary matters. The finance and the sales department work together to achieve its aims of profit by selling more as when customers order online the sales team gets the orders and pass the order to the distribution team to distribute and the finance team produces invoices

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The finance and purchasing department work as a whole to achieve the aim of making a profit. If the finance department gives the purchasing department the money to buy goods that Superdrug needs to operate with, it will help the purchasing department to carry out their tasks which means that Superdrug will be running effectively.

**Signature:**

**Sawsan Ahmad**