CHARTA LEARNING · INTERVIEW PREPARATION

Corporate Finance and FP&A Fundamentals and the Interview Process

Interview preparation summary · FP track

IN THIS SUMMARY

- What the finance function does
- Roles and the interview

INT.FF.1.a · What the finance function does

Distinguish FP&A, financial accounting, treasury and corporate development, and say what each contributes when a result or a cash position surprises the business.

The finance function inside a company is several teams with different questions. Financial accounting records transactions, closes the books and produces the statutory and management accounts, so it answers what happened, under accounting standards and controls. FP&A (financial planning and analysis) looks forward and sideways: it builds the budget and rolling forecasts, explains variances to them, models scenarios and works with commercial leaders. Treasury manages cash, banking relationships, funding, liquidity and exposure to currency and interest rates. Corporate development, where it exists, looks at acquisitions, disposals and partnerships. Structures vary by size: in a small company one person may do several of these jobs, and titles differ, so say 'typically'. Interviewers ask because graduates often cannot say which team they are applying to, or why. A strong answer defines each role by its question, gives one task for each, and shows how the teams depend on each other: FP&A uses accounting's actual figures, and treasury needs FP&A's forecast. The common mistake is to describe FP&A as 'accounting with spreadsheets'.

WORKED EXAMPLE: ONE SURPRISE, FOUR TEAMS: HARROWGATE COMPONENTS

Harrowgate Components, an invented manufacturer, budgeted quarterly revenue of 50.4m but reports 48.0m. The variable cost of sales is 60% of revenue, so contribution margin is 40%. A further 1.8m of customer receipts planned for the quarter arrived 30 days late. The company has a 10.0m revolving facility with 6.5m drawn. All figures are in pounds; assume variable costs are paid in the quarter they arise and ignore tax. Say what each team does with this surprise.

Answer: Accounting confirms 48.0m, FP&A reports a 2.4m (4.8%) revenue miss worth 0.96m of profit, and treasury sees cash 2.76m below plan with facility headroom down from 3.5m to 0.74m.

> **Interview tip:** Define each team by the question it answers (what happened, what will happen and why, how do we fund it) and use one example that runs through all of them, as here.

INT.FF.1.b · What the finance function does

Describe the finance business partner role and show, with a simple discount example, how a partner supports a commercial decision while keeping discipline.

A finance business partner sits alongside a commercial or operational team, such as sales, supply chain or a product line, and helps it make better decisions with numbers. The role differs from scorekeeping, which reports what happened, because the partner is in the room before the decision: framing the question, building a quick analysis, challenging assumptions and quantifying risk. It also differs from simply saying yes, because the partner keeps financial discipline and escalates when a decision breaches policy or looks value-destroying. Good partners learn the business drivers (volumes, prices, capacity, customer behaviour), ask what must be true for a plan to work, and present options rather than a bare yes or no. Interviewers test this with scenarios such as a sales director asking for a discount or an operations manager asking for more budget. A strong answer asks clarifying questions first, does a quick contribution or break-even calculation, states assumptions, offers alternatives and says how the partner would keep the relationship constructive. The common mistake is either to refuse by rule or to approve to be liked.

WORKED EXAMPLE: A DISCOUNT REQUEST AT LARKHILL TOOLS

A sales director at Larkhill Tools, an invented distributor, asks to give a customer a 5% discount to win a bigger order. The current price is 80 per unit, the variable cost is 50 per unit, and the customer currently buys 1,000 units a year. The customer says a discount will lead to 10% more volume. Work out whether it pays, and what you would suggest. All figures in pounds; ignore fixed costs, which do not change.

Answer: A 5% discount needs 15.4% more volume (1,154 units) to stand still, so a promise of 10% loses 1,400 of contribution. A 3% discount or a volume-linked rebate would pay.

> **Interview tip:** Say the break-even first (we need about 15% more volume to stand still), then your suggestion. Offering a workable alternative shows partnering rather than blocking.

INT.FF.1.c · What the finance function does

Outline the annual planning cycle and explain how finance helps a company create value by comparing returns on capital with the cost of capital.

Most companies plan annually, though calendars vary. In outline: senior management confirms strategy, priorities and planning assumptions (market growth, price, inflation, exchange rates); finance issues guidance and targets; divisions and departments build bottom-up plans covering revenue, costs, headcount and capital spending; finance consolidates them, compares the total with the top-down target and challenges the gap; the executive team and board negotiate and approve; and the budget is loaded for monitoring, with reforecasts through the year. Finance helps create value by steering money to uses that earn more than they cost. A simple test is return on invested capital (ROIC) against the weighted average cost of capital (WACC): economic profit is invested capital times (ROIC minus WACC), so a profitable division can still destroy value if its return is below the cost of capital. Interviewers want the sequence, the tension between top-down targets and bottom-up submissions, and a sense that profit is not the same as value. The common mistake is to describe planning as only a spreadsheet exercise.

WORKED EXAMPLE: PLANNING ROUND AT FENNIMORE GROUP: TWO DIVISIONS

Fennimore Group, an invented company, has two divisions. Division A has 50m of invested capital and earns a return (after-tax operating profit over invested capital) of 14%. Division B has 70m of capital and earns 7%. The group's cost of capital is 9%. In the planning round, the board asks which division should receive more capital. Work out economic profit for each and for the group. All figures in pounds, annual.

Answer: Division A creates 2.5m of economic profit and Division B destroys 1.4m; the group return of 9.9% is barely above the 9% cost of capital. The planning round should ask B for a plan to earn 1.4m more or to release capital.

> **Interview tip:** Say 'profit is not value: a division has to earn more than the cost of the capital tied up in it', then give the two numbers. Keep the planning calendar to one sentence per stage.

INT.FF.2.a · Roles and the interview

Explain how finance graduate programmes and rotations typically work, what qualification routes mean in general terms, and how to compare two programmes.

Many companies recruit finance graduates onto structured programmes lasting about two to three years. A typical programme rotates the graduate through several teams, often three or four placements of six months or so, such as FP&A, financial accounting, treasury, commercial finance or corporate development, so that the graduate sees how the function fits together and finds where they are strongest. Many programmes also support study towards an accountancy or treasury qualification, with fees and study leave, though practice varies by employer and country, and some roles do not require one. Other routes include direct analyst roles in one team, with deeper early specialism and less breadth. Interviewers ask why you want a programme and what you hope to gain, so a strong answer is specific: breadth before specialising, training, a cohort, and a qualification if you want one. Compare programmes on the share of time in teams you want, rotation length, qualification support, how placements are decided and what graduates typically do afterwards. The common mistake is to treat every programme as the same, or to say you will 'do any rotation' without a view.

WORKED EXAMPLE: COMPARING TWO PROGRAMME OFFERS

A graduate holds two offers of a 24-month programme from invented employers. Programme X has four six-month rotations: FP&A, treasury, financial accounting and procurement finance. Programme Y has three rotations of eight months: FP&A in one division, FP&A in a second division and financial accounting. Both support a qualification. The graduate thinks FP&A is the best fit but wants to test treasury. Compare them.

Answer: X gives 25% of time in FP&A and four areas; Y gives 66.7% and two areas. X suits someone testing treasury; Y suits someone wanting early depth in FP&A.

> **Interview tip:** Say what you want from the first two years, then match it to the structure. Showing you have compared programmes, not just applied to all of them, is the point.

INT.FF.2.b · Roles and the interview

Describe the typical stages of a graduate finance selection process and plan preparation for each, including online tests, a video screen and an Excel or case exercise.

Graduate finance hiring is typically staged, though each employer differs. An online application is followed by online tests, usually numerical and situational judgement, which let an employer screen large numbers consistently. A video screen comes next, either recorded answers to set questions or a short call. Interviews then follow, often with technical finance questions, a behavioural or fit conversation and an Excel or modelling exercise or case, sometimes on an assessment day with a group task. Each stage removes many candidates, so a weak stage can end the process even when others are strong. Preparation should match the stage: practise timed numerical tests, rehearse concise spoken answers for video, build and check small models in Excel, and prepare stories and questions for fit. Interviewers and recruiters are looking for accuracy under time pressure, clear communication and motivation. Do not assume what a particular employer does: read its instructions and any practice material. The common mistake is to over-prepare for technical questions and ignore tests, video delivery or checking your own work.

WORKED EXAMPLE: A SELECTION FUNNEL AT OAKMERE RETAIL

Oakmere Retail, an invented chain, receives 2,400 applications for its finance programme. Illustratively, 40% pass the online tests, 30% of those pass the video screen, 25% of those pass the assessment day, and half of those receive an offer. Work out how many reach each stage and the overall rate, then say how an applicant should use the result.

Answer: 960 pass the tests, 288 the video screen, 72 the assessment day and 36 get offers: an overall rate of 1.5%. Preparation should cover every stage, starting with the tests.

> **Interview tip:** If asked how you prepared, describe it by stage and say what you practised under time limits. That shows you understand the process and can organise your own work.

INT.FF.2.c · Roles and the interview

Tell technical from fit questions, answer each in a clear structure, and say what interviewers look for beyond the right answer.

Technical questions test finance knowledge and reasoning: how depreciation moves through the three statements, what a variance means, how to calculate a payback or a working-capital movement. Fit questions test motivation, judgement and behaviour: why corporate finance or FP&A, a time you disagreed with someone, a mistake you found. Interviewers listen for accuracy, structure, curiosity, ownership and the ability to explain numbers simply to people who are not finance specialists, because the job involves partnering with them. For a technical question, state the assumption, walk through the steps, give the answer and check it makes sense; if you do not know, say what you do know and reason aloud rather than bluffing. For a fit question, use a clear structure (situation, what you did, result, what you learned) with honest ownership of your own part. Fit answers about why this role should show real interest in working inside a business rather than disparaging banking or audit. The common mistake is to treat fit as the easy part: a vague story can cost as much as a wrong formula.

WORKED EXAMPLE: A TECHNICAL QUESTION, ANSWERED ALOUD

The interviewer asks: 'Depreciation increases by 10 in a company paying tax at 25%. What happens to profit and to cash?' State your assumptions and answer in a structure you could say aloud. Assume the tax rate applies to the change, tax is paid in the same period, and depreciation is a non-cash charge.

Answer: Net income falls by 7.5, cash rises by 2.5 (the tax saved), and the balance sheet balances with assets down 7.5 and equity down 7.5.

> **Interview tip:** Lead with the headline (profit down, cash up a little), then walk the three statements. If you are unsure of a step, say so and reason aloud rather than guessing.

Summary of the Charta interview-preparation topic. Companies and figures in the examples are invented. Draft content, not yet expert reviewed.