



Unit: Corporate Finance and Decision Making

Winter 2020 – Winter 2023

Marking Scheme

This marking scheme has been prepared as a **guide only** to markers. This is not a set of model answers, or the exclusive answers to the questions, and there will frequently be alternative responses which will provide a valid answer. Markers are advised that, unless a question specifies that an answer be provided in a particular form, then an answer that is correct (factually or in practical terms) **must** be given the available marks.

If there is doubt as to the correctness of an answer, the relevant NCC Education materials should be the first authority.

Throughout the marking, please credit any valid alternative point.

Where markers award half marks in any part of a task, they should ensure that the total mark recorded for the task is rounded up to a whole mark.

Introduction

In this assignment you will demonstrate your achievement of the module learning outcomes. FIVE (5) of the SIX (6) tasks (you will not be tested on the first task) tests one or more learning outcomes.

Before responding to the SIX (6) tasks there are some preliminary tasks you must do.

Firstly, you will identify a real organisation to study, referred to as 'YourOrg' in these notes.

Selecting YourOrg

Try to choose an organisation that you find interesting or which you already know something about. This will help motivate you and may lead to some good insights which will improve your assignment.

Your chosen organisation can be a business, a non-profit organisation, an international organisation, a public sector organisation or any other organisation that is capable of executing projects in a controlled way.

Most people will choose from one of two types of organisation:

(a) an organisation they know well from personal experience, perhaps because they worked or studied in that organisation; The organisation should provide published information which is sufficient in detail and depth to meet the requirements of Task 2 and Task 3 below so that all information used for the assignment is in the public domain and no confidential information is inadvertently disclosed.

OR

(b) an organisation which is famous in one country or globally, so there is plenty of published information about it which can be found by web search.

In making your choice, you should ensure that the information you have available allows you to research and produce a full analysis of financial and non-financial information as required in task 3. Preparing an appendix of relevant information prior to addressing task 3 will enable you to provide a clear summary and not repeat detailed data from the appendix.

Secondly, once you have selected YourOrg, you should think of a new venture, referred to in these notes as YourVent. This should be a completely new and different type of organisation than the one you have selected as YourOrg. For instance, if YourOrg is a multinational or national company, then the new venture should be a sole trader, partnership or charitable organisation.

YourVent should be conceived as a smaller and separate organisation from YourOrg set up to provide a service to YourOrg. The goal of YourVent may be to, say, develop a new technology for the future or fulfilling some ethical or charitable purpose which YourOrg may wish to support through donation.

Take care to read the assignment requirements as you consider YourVent to ensure you will be able to demonstrate your knowledge and understanding fully through the type of venture you invent and develop.

You are not allowed to use an organisation or new venture which you know another student is using, or which you know another student has used in the past. You are also not allowed to base your project on a published case analysis.

Assignment Notes

- You must complete all SIX (6) Tasks in this assignment
- The total assignment should be **4,000 words** including Tasks 2-6 but excluding Task 1, the bibliography and the appendices. Please limit your appendices to 6 pages.
- Please submit your assignment as ONE (1) document.

The marks are distributed among the tasks as follows:

T1	n/a
T2	20 marks
T3	20 marks
T4	20 marks
T5	10 marks
T6	30 marks

You are recommended to design the content of your assignment in proportion to the marks allocated. So, an answer that is worth 20 marks is likely to have about twice the words of an answer that is worth 10 marks.

Assignment

The assignment comprises 6 (SIX) tasks. You must respond to all tasks.

Tasks Begin on the Next Page

Task 1: Overview

Identify and describe your chosen organisation (YourOrg) in one paragraph of no more than 100 words. Then summarise the new venture you have conceived (YourVent) in a second paragraph of no more than 100 words. The latter should briefly explain the type of organisation, its aims, products, services, and operations.

NOTE: these two paragraphs will not receive any marks and do not count against the word quota for the assignment.

Task 2: Understand How Business Organisations are Financed

Use the financial information for YourOrg to analyse how long-term and short-term finance has been used and invested within the organisation. Critically evaluate how finance has been managed to attain the goals of the organisation.

Total 20 Marks

0-5 marks	6-7 marks	8-11 marks	12-13 marks	14-20 marks
<i>Basic ability to understand the details of short- and long-term finance disclosed in published information for YourOrg.</i>	<i>Limited ability to focus on the types of short- and long-term finance in YourOrg and identify how the finance had been used.</i>	<i>Adequate ability to match the types of short- and long-term finance used by YourOrg with the assets and expenditure incurred by the organisation.</i>	<i>Sound ability to identify the types of short- and long-term finance employed by Your Org and discuss the appropriateness of its use for the needs of the organisation.</i>	<i>Comprehensive ability to consider the various sources of finance and how they have been utilised within YourOrg to meet its needs and requirements in the long- and short-term.</i>
<i>Basic analysis of the way in which finance has been managed in YourOrg.</i>	<i>Limited analysis of how YourOrg has managed finance to achieve its goals.</i>	<i>Appropriate analysis of the management of finance by YourOrg and its success in attaining its goals through its use.</i>	<i>Critical evaluation Of YourOrg's utilisation of finance and its management in achieving its goals as defined within its financial reports.</i>	<i>Consistently critical evaluation of the success of management of finance used and available to YourOrg to help it achieve its defined goals.</i>

Task 3: Assessing Financial Performance

Critically evaluate, in summary form, the performance of YourOrg over the last five years in financial and non-financial terms.

You should include, in the appendix, analysis of the performance of YourOrg from the published ratios for the last five years, within the notes to the published accounts of YourOrg. And, using the organisation's balanced scorecard or similar published data within the annual reports, assess the success or otherwise of the organisation in addressing the needs of customers, employees, the environment and ethical concerns.

Total 20 Marks

0-5 marks	6-7 marks	8-11 marks	12-13 marks	14-20 marks
<i>Basic analysis of ratios</i>	<i>Limited analysis of ratios</i>	<i>Adequate analysis of ratios</i>	<i>Clear and detailed analysis of ratios</i>	<i>Comprehensive analysis of ratios</i>
<i>Basic evaluation of the financial performance and success of YourOrg over the time period of the ratios.</i>	<i>Limited evaluation of the financial performance and success of YourOrg over the time period of the ratios.</i>	<i>Consistent evaluation of the financial performance and success of YourOrg over the time period of the ratios.</i>	<i>Sound and justified explanation of the financial performance and success of YourOrg over the time period of the ratios based on a strong evaluation of trends.</i>	<i>Coherent and well justified explanation of the financial performance and success of YourOrg over the time period of the ratios based on a strong evaluation of trends.</i>
<i>Basic ability to critically evaluate the performance of YourOrg based on a balanced scorecard and/or other information related to one or more of customers, employees, the environment and ethical concerns.</i>	<i>Limited ability to critically evaluate the performance of YourOrg based on a balanced scorecard and/or other information related to at least two of customers, employees, the environment and ethical concerns.</i>	<i>Consistent ability to critically evaluate the performance of YourOrg based on a balanced scorecard and/or other information related to most of customers, employees, the environment and ethical concerns.</i>	<i>Critical evaluation of the performance of YourOrg based on a balanced scorecard and/or other information related to all of customers, employees, the environment and ethical concerns.</i>	<i>Consistently critical evaluation of the performance of YourOrg based on a balanced scorecard and/or other information related to all of customers, employees, the environment and ethical concerns.</i>

Task 4: Performance of New Venture

It has been decided that YourVent should have an initial funding of £100,000. The person proposing setting up the organisation is wealthy and could provide the capital and/or guarantee any loans to be obtained. And others interested in the YourVent also have substantial funds available.

Summarise the goals of YourVent and decide what type of organisation it should be (e.g. sole trader, partnership, charity, etc) and what its capital structure should be.

Briefly explain the financial transactions that YourVent will need to undertake in its first month of operations and decide how its performance should be measured in financial and non-financial terms, setting out the basic principles you regard as indicators of its success. Make reference to the financial statements and notes you include in the appendices as detailed in the following paragraph.

In the appendices, forecast how you imagine its income statement and statement of financial position should look and include notes describing TWO (2) accounting policies and principles that it would be appropriate to follow, using this to help illustrate your explanation in the paragraph above.

Total 20 Marks

0-5 marks	6-7 marks	8-11 marks	12-13 marks	14-20 marks
<p><i>Basic ability to determine an appropriate organisation to meet its goals, visualise typical initial transactions and prepare financial statements for an organisation.</i></p> <p><i>Basic ability to draft information about accounting policies and principles.</i></p> <p><i>Basic ability to prepare a statement of several measures to indicate success in financial terms.</i></p>	<p><i>Limited ability to determine an appropriate organisation to meet its goals, visualise typical initial transactions and prepare financial statements for an organisation.</i></p> <p><i>Limited ability to draft generic information about accounting policies and principles.</i></p> <p><i>Limited ability to prepare a statement of a range of measures to indicate success in financial and non-financial terms.</i></p>	<p><i>Adequate ability to prepare financial statements for an organisation that recognises the appropriate capital structure for the organisation an typical transactions in its first month.</i></p> <p><i>Adequate ability to draft a statement of accounting policies and principles relating to YourVent</i></p> <p><i>Adequate ability to prepare a statement of measures relevant to YourVent to indicate success in financial and non-financial terms.</i></p>	<p><i>Sound ability to prepare financial statements for an organisation that recognises an appropriate capital structure and envisages the impact of a month's operations.</i></p> <p><i>Sound ability to draft a statement of accounting policies and principles related to YourVent.</i></p> <p><i>Sound ability to prepare a statement of a detailed range of measures relevant to YourVent to indicate success in financial and non-financial terms.</i></p>	<p><i>Comprehensive ability to prepare appropriate financial statements for a clearly well-thought out period of trading for the organisation described by the student to represent YourVent.</i></p> <p><i>Comprehensive ability to draft a statement of accounting policies, appropriate for YourVent.</i></p> <p><i>Comprehensive ability to prepare a statement of a detailed range of measures relevant to YourVent and organised to clearly indicate the success in terms of named aspects of financial performance and specified non-financial measures.</i></p>

Task 5: Support for Decision Making in YourVent

Discuss how YourVent will require and use basic costing information to assist with decision making. Give illustrative examples relevant to YourVent and its goals as you have previously described.

Explain the financial information that YourVent would need to provide to external users of financial accounts as compared with YourOrg

Total 10 Marks

0-2 marks	3 marks	4-5 marks	6 marks	7-10 marks
<p><i>Basic understanding how costing information may be used to support decision making.</i></p> <p><i>Basic ability to demonstrate, through the use of examples the information needed for decision making.</i></p> <p><i>Basic ability to explain the financial information that YourVent would need to provide.</i></p>	<p><i>Limited understanding how costing information may be used to support decision making related to operations and overheads.</i></p> <p><i>Limited ability to use examples related to goods or services the information needed for decision making.</i></p> <p><i>Limited ability to explain financial information that YourVent would provide to external users.</i></p>	<p><i>Consistent understanding how decision making in YourVent's operations and overheads is supported by costing information.</i></p> <p><i>Consistent ability to use examples related to goods or services provided by YourVent the information needed for decision making.</i></p> <p><i>Consistent ability to compare financial information provided by YourOrg and YourVent.</i></p>	<p><i>Critical understanding of the ways and extent to which decision making in YourVent's operations and overheads is supported by costing information.</i></p> <p><i>Sound ability to use examples related to goods and services provides by YouVent to demonstrate and explain the information needed for decision making.</i></p> <p><i>Sound ability to compare financial information provided by YourOrg and YourVent to external users.</i></p>	<p><i>Consistently critical understanding of how and the extent to which costing information supports decision making in respect of YourVent's operations and overheads.</i></p> <p><i>Comprehensive ability to illustrate through examples of both goods and services how information is applied and needed in decision making by YourVent.</i></p> <p><i>Comprehensive ability to explain and compare, financial information provided to external users.</i></p>

Task 6: Management Accounting for Business Decisions

Assess the potential uses of TWO of the following techniques to YourVent and illustrate how the two you have selected, which should be different from techniques addressed in answering Task 5, could be used to assist in decisions within the organisation:

- Absorption costing
- Marginal costing
- Activity Based Costing
- Break-even analysis
- Budgeting
- Capital Investment Appraisal

Explain both of the two techniques and evaluate the usefulness or otherwise of each and provide reasoned recommendations for the adoption of one of the techniques. Illustrate, with an example, how the technique recommended could be employed in an organisation of the type and size of YourVent to meet its goals.

Total 30 Marks

0-6 marks	7-10 marks	11-15 marks	16-20 marks	21-30 marks
<p>Basic understanding of one of the techniques of:</p> <ul style="list-style-type: none"> • Absorption costing • Marginal costing • Activity Based costing • Break-even analysis • Budgeting • Capital Investment appraisal <p>Basic ability to consider the usefulness of the techniques identified and provide a recommendation for adoption of one.</p> <p>Basic ability to provide at least one example of how a technique could be employed by YourVent.</p>	<p>Limited understanding of two of the techniques of:</p> <ul style="list-style-type: none"> • Absorption costing • Marginal costing • Activity Based costing • Break-even analysis • Budgeting • Capital Investment appraisal <p>Limited ability to consider the usefulness of the techniques identified and provide a recommendation of which to adopt.</p> <p>Limited ability to provide examples of how a technique could be employed by YourVent.</p>	<p>Consistent understanding of two of the techniques of:</p> <ul style="list-style-type: none"> • Absorption costing • Marginal costing • Activity Based costing • Break-even analysis • Budgeting • Capital Investment appraisal <p>Adequate ability to provide an evaluation of two of the techniques and provide a recommendation for adoption or not.</p> <p>Adequate ability to provide examples of how the technique identified for adoption could be employed by YourVent.</p>	<p>Critical understanding of two of the techniques of:</p> <ul style="list-style-type: none"> • Absorption costing • Marginal costing • Activity Based costing • Break-even analysis • Budgeting • Capital Investment appraisal <p>Sound ability to evaluate the techniques identified and provide a recommendation with underlying reasoning its adoption.</p> <p>Sound ability to illustrate by example how the techniques could be employed in organisations of the type and size of YourVent.</p>	<p>Consistently critical understanding of two of the techniques of:</p> <ul style="list-style-type: none"> • Absorption costing • Marginal costing • Activity Based costing • Break-even analysis • Budgeting • Capital Investment appraisal <p>Comprehensive ability to evaluate the techniques identified, and provide clear and reasoned arguments for the adoption or otherwise of each.</p> <p>Comprehensive ability to use examples specific to YourVent to illustrate how relevant techniques could be employed.</p>

Learning Outcomes matrix

Task	Learning outcomes assessed	Marker can differentiate between varying levels of achievement
1	n/a	n/a
2	LO 1	Yes
3	LO 4	Yes
4	LO 1, LO3	Yes
5	LO 2, LO5, LO6	Yes
6	LO 5, LO6	Yes

Grade descriptors

Learning Outcome	Pass	Merit	Distinction
LO 1-6	Provide a consistent understanding and analysis of complex information, concepts and frameworks in contexts involving interacting factors.	Provide critical understanding and analysis of complex information, concepts and frameworks in contexts involving multiple interacting factors.	Provide consistently critical understanding and analysis of highly complex information, concepts and frameworks in contexts involving multiple interacting factors.
	Demonstrate adequate ability to critically evaluate actions, methods and results and make appropriate judgements about their implications.	Demonstrate sound ability to critically evaluate actions, methods and results and make appropriate judgements about their short and long term implications.	Demonstrate comprehensive ability to critically evaluate actions, methods and results and make highly appropriate judgements about their short and
	Undertake application of appropriate methodologies to complex problems to offer justified solutions.	Undertake sound application of appropriate methodologies to complex problems and offer justified and appropriate solutions.	Undertake coherent application of appropriate methodologies to complex problems to offer well justified and highly appropriate solutions.
	Demonstrate adequate understanding of the wider context of the field.	Demonstrate sound understanding of the wider context of the field.	Demonstrate comprehensive understanding of the wider context of the field.
	Deliver key information in a structured manner that demonstrates adequate communication skills	Deliver key information in a clear and understandable manner that demonstrates sound communication skills	Deliver key information in a convincing and comprehensive manner that demonstrates excellent communication skills