

International Pre-Master's in Business

Quartz ID: 1274

Paper ID: 2359-SAMPLE

Finance and Accounting for Managers

Global Assignment

Sample Assessment

Marking Scheme

Markers are advised that, unless a task 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.

This marking scheme has been prepared as a **guide only** to markers and there will frequently be many alternative responses which will provide a valid answer.

Throughout the marking, please credit any valid alternative point.

Each candidate's script must be fully annotated with the marker's comments (where applicable) and the marks allocated for each part of the tasks.

Candidate Name and ID number:		
Marker's comments:		
Moderator's comments:		
Mark:	Moderated mark:	Final mark:
Penalties applied for academic malpractice:		

Task 1 – 20 Marks

Create a balance sheet for Wood Resources Ltd as of June 4, 2025. Discuss how the repayment of a £2,000 loan affects the balance sheet.

Mark Scheme

The balance sheet as of 4 June 2025, following the repayment of part of the loan, will be as follows:

Wood Resources Ltd			
Balance sheet as of 4 June 2025			
	£		£
Assets		Claims	
Cash at bank (15,000 - 2,000)	13,000	Capital	6,000
Motor van	5,000	Liabilities – loan (14,000 - 2,000)	12,000
Inventories (stock)	<u>3,000</u>	Liabilities – trade payable (creditor)	<u>3,000</u>
	<u>21,000</u>		<u>21,000</u>

The repayment of £2,000 on the loan will result in a £2,000 decrease in the balance at the bank and a corresponding decrease in the loan claim against the business.

Assets Section (7 marks)

- 1 mark — Bringing forward cash balance of £15,000
- 1 mark — Showing deduction of loan repayment (£2,000)
- 1 mark — Correct final cash figure: £13,000
- 1 mark — Listing motor van as an asset
- 1 mark — Correct value of motor van: £5,000
- 1 mark — Listing inventory as an asset
- 1 mark — Correct inventory value: £3,000

Claims Section (7 marks)

- 1 mark — Capital shown
- 1 mark — Correct capital figure: £6,000
- 1 mark — Loan liability shown
- 1 mark — Correct loan liability after repayment: £12,000
- 1 mark — Trade payable listed
- 1 mark — Correct trade payable value: £3,000
- 1 mark — Total assets = total claims (£21,000)

Discussion of Impact (6 marks)

- 1 mark — States cash decreases because repayment reduces bank balance
- 1 mark — Identifies that loan liability decreases
- 1 mark — Notes no change to capital
- 1 mark — Notes total assets decrease by £2,000
- 1 mark — Notes total liabilities also decrease by £2,000
- 1 mark — Explains that the business becomes less reliant on debt (lower gearing)

Task 2 – 20 Marks

Draft a balance sheet for Wood Resources Ltd as of June 6, 2025, and analyse the impact of the owner's additional funding on the balance sheet.

Mark Scheme

The balance sheet as of 6 June 2025, following the introduction of more funds, will be as follows:

Wood Resources Ltd			
Balance sheet as of 6 June 2025			
	£		£
Assets		Claims	
Cash at bank (13,000 + 4,000)	17,000	Capital (6,000 + 4,000)	10,000
Motor van	5,000	Liabilities – loan	12,000
Inventories (stock)	<u>3,000</u>	Liabilities – trade payable (creditor)	<u>3,000</u>
	<u>25,000</u>		<u>25,000</u>

The owner's introduction of additional funds will increase capital by £4,000 and cash at the bank by the same amount.

Assets Section (7 marks)

- 1 mark — Opening cash of £13,000 shown
- 1 mark — Recording additional owner contribution
- 1 mark — Correct increase in cash by £4,000
- 1 mark — Correct final cash balance: £17,000
- 1 mark — Motor van listed
- 1 mark — Correct van value: £5,000
- 1 mark — Inventory listed at £3,000

Claims Section (6 marks)

- 1 mark — Capital shown
- 1 mark — Correct increased capital (£10,000)
- 1 mark — Loan liability listed
- 1 mark — Correct loan liability: £12,000
- 1 mark — Trade payable listed
- 1 mark — Correct trade payable: £3,000

Analysis (7 marks)

- 1 mark — States cash increases
- 1 mark — Identifies higher capital strengthens equity
- 1 mark — Notes no change to liabilities
- 1 mark — Notes total assets increase
- 1 mark — Identifies improved liquidity
- 1 mark — Mentions lower gearing/higher owner financing
- 1 mark — Totals balance (£25,000 both sides)

Task 3 – 30 Marks

On June 7, 2025, the company successfully sold all inventory for £5,000 and received an immediate cheque from the customer for this amount. Prepare a balance sheet for the business as of June 7, 2025, and evaluate its current financial position.

Mark Scheme

The balance sheet on 7 June 2025, after selling inventories for £5,000, will be as follows:

Wood Resources Ltd			
Balance sheet as of 7 June 2025			
	£		£
Assets		Claims	
Cash at bank (17,000 + 5,000)	22,000	Capital [10,000 + (5,000 – 3,000)]	12,000
Motor van	5,000	Liabilities – loan	12,000
Inventories (stock) (3,000 – 3,000)	—	Liabilities – trade payable (creditor)	<u>3,000</u>
	<u>27,000</u>		<u>27,000</u>

Related analysis: The inventories amounting to £3,000 have now been removed from the balance sheet, while the cash in the bank has risen by £5,000, which is the selling price of those inventories. As a result, assets have increased by £2,000 (from £5,000 to £3,000).

This increase represents the profit generated from trading. Additionally, the business's capital has also grown by £2,000, reflecting the rise in assets. This change in capital indicates that the wealth generated by trading or other activities will benefit the owners and increase their ownership stake in the business.

Assets Section (9 marks)

- 1 mark — Opening cash of £17,000 shown
- 1 mark — Cash increase from sale recorded
- 1 mark — Correct value of cash increase: £5,000
- 1 mark — Final cash balance: £22,000
- 1 mark — Motor van listed
- 1 mark — Correct van value: £5,000
- 1 mark — Inventory removed from assets
- 1 mark — Inventory set to £0
- 1 mark — Total assets correctly shown: £27,000

Claims Section (9 marks)

- 1 mark — Capital brought forward (£10,000)
- 1 mark — Profit from sale recognised
- 1 mark — Correct profit amount (£2,000)
- 1 mark — Capital increased to £12,000
- 1 mark — Loan liability listed
- 1 mark — Correct loan value: £12,000
- 1 mark — Trade payable listed
- 1 mark — Correct trade payable: £3,000
- 1 mark — Totals balance (£27,000)

Evaluation (12 marks)

- 1 mark — Notes the transaction creates profit
- 1 mark — Explains profit increases capital
- 1 mark — Identifies stronger equity base
- 1 mark — Notes strong cash position
- 1 mark — Identifies no remaining inventory risk
- 1 mark — Highlights improved liquidity
- 1 mark — Highlights strong working capital
- 1 mark — Notes solvent balance sheet
- 1 mark — Liability levels manageable relative to assets
- 1 mark — Cash now dominates the asset structure
- 1 mark — Equity now significantly higher than debt
- 1 mark — Concludes overall financial position is strong

Task 4 – 30 Marks

Consider how the balance sheet would change if the inventory had been sold on June 7, 2025, for £1,000 instead of £5,000. Create a revised balance sheet to reflect this scenario. Explain how selling the inventory has altered the balance sheet situation.

Mark Scheme

The balance sheet will be as follows:

Wood Resources Ltd			
Balance sheet as of 7 June 2025			
	£		£
Assets		Claims	
Cash at bank (17,000 + 1,000)	18,000	Capital [10,000 + (1,000 - 3,000)]	8,000
Motor van	5,000	Liabilities – loan	12,000
Inventories (stock) (3,000 - 3,000)	—	Liabilities – trade payable (creditor)	<u>3,000</u>
	<u>23,000</u>		<u>23,000</u>

The £3,000 in inventories will be removed from the balance sheet, while the cash balance will increase by only £1,000. This results in a net decrease in assets of £2,000, indicating a trading loss, which will be shown as a decline in the owner's capital.

Assets Section (9 marks)

- 1 mark — Opening cash of £17,000 shown
- 1 mark — Cash increase from sale recorded
- 1 mark — Correct cash increase of £1,000
- 1 mark — Final cash balance: £18,000
- 1 mark — Motor van listed
- 1 mark — Correct van value: £5,000
- 1 mark — Inventory removed from assets
- 1 mark — Inventory shown at £0
- 1 mark — Total assets correctly shown: £23,000

Claims Section (9 marks)

- **1 mark — Capital brought forward (£10,000)**
- **1 mark — Loss recognised**
- **1 mark — Correct loss calculation: £2,000**
- **1 mark — Correct reduced capital: £8,000**
- **1 mark — Loan liability listed**
- **1 mark — Correct loan value: £12,000**
- **1 mark — Trade payable listed**
- **1 mark — Correct trade payable: £3,000**
- **1 mark — Totals balance (£23,000)**

Explanation (12 marks)

- **1 mark — Notes loss reduces capital**
- **1 mark — Identifies weaker equity position**
- **1 mark — Notes cash increases only slightly**
- **1 mark — Identifies reduction in overall assets**
- **1 mark — Notes fall in net assets**
- **1 mark — Highlights reduced solvency strength**
- **1 mark — Gearing worsens (more debt relative to equity)**
- **1 mark — Financial risk increases**
- **1 mark — Inventory sold below cost is detrimental**
- **1 mark — Profitability is negative**
- **1 mark — Owner's claim against business shrinks**
- **1 mark — Concludes that financial position weakened**

Learning Outcomes Matrix

Task	Learning Outcome(s) / Assessment Criteria assessed	Marker can differentiate between varying levels of achievement
1	LO1 and LO2	Yes
2	LO1 and LO2	Yes
3	LO2 and LO4	Yes
4	LO2 and LO5	Yes

Grade Descriptors

Learning Outcome	Pass	Merit	Distinction
1. Be able to demonstrate an understanding of the fundamental principles of finance and accounting, including the roles, purpose, and interconnections between financial and management accounting in decision-making processes	<p>Correctly applies the accounting equation (Assets = Capital + Liabilities).</p> <p>Produces largely accurate balance sheets reflecting the transactions.</p> <p>Demonstrates basic understanding of how individual transactions affect assets, capital, and liabilities.</p> <p>Uses appropriate accounting terminology, though explanations may be descriptive rather than analytical.</p>	<p>Clearly explains why each transaction affects the balance sheet as it does.</p> <p>Demonstrates sound understanding of capital versus liabilities and their roles in financing the business.</p> <p>Shows consistency and accuracy across all balance sheets with minimal errors.</p> <p>Begins to link accounting principles to business decision-making (e.g. repayment of debt vs retention of cash).</p>	<p>Demonstrates confident, precise understanding of accounting principles and their interrelationships.</p> <p>Explains transactions in a coherent narrative, clearly linking theory to practice.</p> <p>Uses accounting terminology accurately and fluently throughout.</p> <p>Shows insight into the implications of accounting choices for owners, lenders, and the business as a whole.</p>
2. Be able to analyse and interpret the components of financial statements, including the statement of financial position, statement of profit or loss, and statement of cash flows, to assess an organisation's financial performance and position	<p>Produces balance sheets that are mostly accurate and balanced.</p> <p>Identifies basic changes in assets and liabilities following transactions.</p> <p>Provides a simple evaluation of the company's financial position (e.g. increase in cash or reduction in debt).</p>	<p>Accurately analyses changes in financial position across multiple dates.</p> <p>Explains the financial impact of trading activity, loan repayment, and inventory sales.</p> <p>Demonstrates understanding of liquidity, asset structure, and financial stability.</p> <p>Makes clear comparisons between different balance sheet scenarios.</p>	<p>Provides a well-reasoned, critical evaluation of the company's financial position.</p> <p>Demonstrates strong analytical insight into liquidity, solvency, and capital structure.</p> <p>Clearly distinguishes between profitable and unprofitable outcomes (e.g. inventory sold above or below cost).</p> <p>Communicates conclusions clearly, logically, and with professional clarity.</p>

<p>3. Be able to apply financial management techniques, such as budgeting, investment appraisal, and cost-volume-profit analysis, to support effective strategic and operational decision-making in various organisational contexts</p>	<p>Demonstrates limited application of financial management concepts, mainly implicitly.</p> <p>Shows awareness that financial decisions affect cash and resources.</p>	<p>Explains the financial consequences of decisions such as loan repayment or inventory sales.</p> <p>Shows developing understanding of how short-term decisions influence financial outcomes.</p>	<p>Although not the primary focus of the assessment, demonstrates strong evaluative insight into financial decision-making.</p> <p>Clearly articulates how alternative decisions could improve or weaken financial outcomes.</p> <p>Shows awareness of broader financial management considerations beyond the immediate transactions.</p>
<p>4. Be able to evaluate the role of working capital management, financing strategies, and cash flow optimisation in ensuring the financial sustainability of organisations, with an emphasis on the needs of different stakeholders</p>	<p>Identifies basic movements in cash, inventory, and liabilities.</p> <p>Recognises that loan repayment and inventory sales affect cash flow.</p>	<p>Clearly explains how working capital components change over time.</p> <p>Evaluates the impact of financing choices on liquidity and business sustainability.</p> <p>Demonstrates awareness of different stakeholder interests (owner vs lender).</p>	<p>Provides a sophisticated evaluation of working capital efficiency.</p> <p>Critically assesses liquidity risks and cash flow implications.</p> <p>Demonstrates clear understanding of how financing and operational decisions affect long-term sustainability.</p> <p>Integrates stakeholder perspectives effectively into the analysis.</p>
<p>5. Be able to develop practical financial solutions by integrating accounting principles, ethical considerations, and contemporary developments in the field, tailored to specific organisational and stakeholder needs</p>	<p>Explains the financial outcomes of transactions in a straightforward manner.</p> <p>Demonstrates basic awareness of the consequences of selling inventory at different prices.</p>	<p>Provides reasoned explanations of alternative financial outcomes.</p> <p>Applies accounting principles to explain financial success or underperformance.</p> <p>Shows awareness of the practical implications for business viability.</p>	<p>Demonstrates high-level integrative thinking, linking accounting outcomes to strategic and ethical considerations.</p> <p>Clearly evaluates the implications of poor financial outcomes (e.g. selling below cost).</p> <p>Provides insightful, well-structured explanations tailored to the needs of stakeholders.</p> <p>Shows professional judgement and practical problem-solving capability.</p>