



Ofqual QAN	600/1325/4
Quartz ID	1259
Qualification	Level 4 Diploma in Business

Unit ID	2304
Assessment	Understanding Business Finance
Assessment Type	Global Assignment
Assessment Cycle	<i>SAMPLE</i>

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.

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.

Throughout the marking, please credit any valid alternative point.

Marker's comments:

Moderator's comments:

Mark:

Moderated mark:

Final mark:

Penalties applied for academic malpractice:

Important note on word counts:

Assignments which exceed the wordcount by more than 10% will be marked but markers must not read any words that exceed the 10% leeway, no marks will be awarded, and no feedback provided for any text beyond this prescribed limit.

Markers must indicate on the script and in the marking breakdown the point at which the limit is reached which is, by definition, where they have stopped marking.

Task 1 – 20 Marks

Critically assess the importance of cash flow management for a small business like CoffeeCo, and what are the potential risks of not managing it properly?

Indicative Contents:

- Definition of cash flow
- Importance of timing of income vs expenses
- Risks: e.g., can't pay bills, late wages, missed opportunities

Mark Scheme

0-5 marks	6-7 marks	8-11 marks	12-13 marks	14-20 marks
<i>Little or no critical assessment of the importance of cash flow management for a small business</i>	<i>Limited critical assessment of the importance of cash flow management for a small business</i>	<i>Adequate critical assessment of the importance of cash flow management for a small business</i>	<i>Detailed critical assessment of the importance of cash flow management for a small business</i>	<i>Thorough critical assessment of the importance of cash flow management for a small business</i>
<i>Little or no detail of the potential risks of not managing cash flow</i>	<i>Basic detail of the potential risks of not managing cash flow</i>	<i>Adequate detail of the potential risks of not managing cash flow</i>	<i>In-depth detail of the potential risks of not managing cash flow</i>	<i>Comprehensive detail of the potential risks of not managing cash flow</i>
Marker's Comments/Justifications:				

Task 2 – 10 Marks

Analyse the difference between fixed costs and variable costs in the context of CoffeeCo. Give two examples of each.

Indicative Contents:

- Fixed: rent, wages
- Variable: coffee beans, cups
- Differences clearly explained

Mark Scheme

0-2 marks	3 marks	4-5 marks	6 marks	7-10 marks
<i>Little or no analysis of the differences between fixed costs and variable costs in an organisational setting</i>	<i>Limited analysis of the differences between fixed costs and variable costs in an organisational setting</i>	<i>Adequately analyses the differences between fixed costs and variable costs in an organisational setting</i>	<i>Good analysis differences between fixed costs and variable costs in an organisational setting</i>	<i>Detailed analysis of the differences between fixed costs and variable costs in an organisational setting</i>
Marker's Comments/Justifications:				

Task 3 – 10 Marks

Calculate the breakeven point for Coffee Collective using the following information (assume):

- Average selling price per item: £6
- Variable cost per item: £2
- Monthly fixed costs: £12,000

And evaluate the importance of knowledge of break-even point, to other functions of this business

- Formula: Breakeven = Fixed Costs / (Price – Variable Cost)
- £12,000 / (£6 – £2) = 3,000 units
- Knowledge of BEP essential to sales, finance and marketing functions

Mark Scheme

0-2 marks	3 marks	4-5 marks	6 marks	7-10 marks
<i>Little or no description of the differences between fixed costs and variable costs in an organisational setting</i>	<i>Identification and limited description of the differences between fixed costs and variable costs in an organisational setting</i>	<i>Identifies and adequately describes the differences between fixed costs and variable costs in an organisational setting</i>	<i>Explains adequately describes the differences between fixed costs and variable costs in an organisational setting</i>	<i>Detailed description of the differences between fixed costs and variable costs in an organisational setting</i>
<i>Little or no evaluation of the importance of the BEP to other business functions</i>	<i>Limited evaluation of the importance of the BEP to other business functions</i>	<i>Adequate evaluation of the importance of the BEP to other business functions</i>	<i>Good evaluation of the importance of the BEP to other business functions</i>	<i>Excellent evaluation of the importance of the BEP to other business functions</i>
Marker's Comments/Justifications:				

Task 4 – 20 Marks

Critically assess two advantages and two disadvantages of using retained earnings to finance business expansion compared to taking out a loan and assess the potential financial risks to the business of inadequate financial management.

Indicative Contents:

- Retained: uses own profit, no interest, but limited amount
- Loan: access more capital, but costs interest, increases risk
- **Financial risk management** - Focuses on risks related to investments, cash flow, and financial liabilities.
- **Decision-making**
- It provides a structured approach to decision-making, considering both potential benefits and risks.

Mark Scheme

0-5 marks	6-7 marks	8-11 marks	12-13 marks	14-20 marks
<i>Little or no critical assessment of advantages and disadvantages of 2 methods</i>	<i>Basic critical assessment of advantages and disadvantages of 2 methods</i>	<i>Adequate critical assessment of advantages and disadvantages of 2 methods</i>	<i>Good critical assessment of advantages and disadvantages of 2 methods</i>	<i>Comprehensive critical assessment of advantages and disadvantages of 2 methods</i>
<i>Limited assessment of the potential financial risks to business of inadequate financial management</i>	<i>Very basic assessment of the potential financial risks to business of inadequate financial management</i>	<i>Adequate assessment of the potential financial risks to business of inadequate financial management</i>	<i>Good assessment of the potential financial risks to business of inadequate financial management</i>	<i>Detailed assessment of the potential financial risks to business of inadequate financial management</i>
Marker's Comments/Justifications:				

Task 5 – 20 Marks

Prepare a simple monthly budget outline for CoffeeCo for one month, including at least five income and expense categories. Then assess the key skills, competencies and behaviours required to manage finances in a business

Mark Scheme

0-5 marks	6-7 marks	8-11 marks	12-13 marks	14-20 marks
<i>Limited or no correct budget outline with all categories included</i>	<i>A few correct budget outline with all categories included</i>	<i>Some correct and clear budget outline with all categories included</i>	<i>Mostly correct and clear budget outline with all categories included</i>	<i>Correct and clear budget outline with all categories included</i>
<i>Limited assessment of the key skills, competences and</i>	<i>Very basic assessment of the key skills, competences</i>	<i>Adequate assessment of the key skills,</i>	<i>Good assessment of the key skills,</i>	<i>Detailed assessment of the key skills,</i>

<i>behaviours required to manage finance in a business.</i>	<i>and behaviours required to manage finance in a business.</i>	<i>competences and behaviours required to manage finance in a business.</i>	<i>competences and behaviours required to manage finance in a business.</i>	<i>competences and behaviours required to manage finance in a business.</i>
Marker's Comments/Justifications:				

Task 6 – 20 Marks

Evaluate whether opening a second location is a financially sound decision at this stage, including other ways that the business could be financed. What financial indicators or tools should Jane and John use to support their decision

Indicative Contents:

- Factors: current profit, loan repayments, cash flow, breakeven
- Tools: cash flow forecast, budget, financial ratios
- Other ways include Debt financing involves borrowing money, like from a bank loan or line of credit, and repaying it with interest.
 - Equity financing involves selling ownership shares in the business to investors, like angel investors or venture capitalists.
 - Other options include bootstrapping (using personal funds), crowdfunding, government grants, and various forms of asset-based financing.

Mark Scheme

0-5 marks	6-7 marks	8-11 marks	12-13 marks	14-20 marks
<i>Limited or no evaluation, with pros and cons of the decision, and little or no details on other ways to finance a business</i>	<i>Presents a limited evaluation, with pros and cons of the decision, and little or no details on other ways to finance a business</i>	<i>Adequate evaluation, with pros and cons of the decision, and little or no details on other ways to finance a business</i>	<i>Good evaluation, with pros and cons of the decision, and little or no details on other ways to finance a business</i>	<i>Comprehensive evaluation, with pros and cons of the decision, and little or no details on other ways to finance a business</i>

No or little detailed description of the financial indicators or tools that they should use to support their decision	Limited detailed description of the financial indicators or tools that they should use to support their decision	Adequate detailed description of the financial indicators or tools that they should use to support their decision	Good, detailed description of the financial indicators or tools that they should use to support their decision	Detailed description of the financial indicators or tools that they should use to support their decision
Marker's Comments/Justifications:				

Note to markers

Please take appropriate action for any malpractice (plagiarism, collusion, referencing issues etc.) discovered as per the *AQ_28-a01_Academic Misconduct Policy* document. Please also complete and submit the *Malpractice Declaration Form*.

Learning Outcomes matrix

Task	Learning outcomes assessed	Marker can differentiate between varying levels of achievement
1	5.1, 5.2, 5.3	Yes
2	4.1, 4.2, 4.3	Yes
3	3.1, 3.2, 3.3	Yes
4	6.1, 6.2, 6.3, 7.1, 7.2, 7.3	Yes
5	2.1, 2.2, 2.3, 7.1, 7.2, 7.3	Yes
6	1.1, 1.2, 1.3, 8.1, 8.2, 8.3	Yes

Grade descriptors

Learning Outcome	Fail	Referral	Pass	Merit	Distinction
Be able to assess business finance	Demonstrate s little or no ability to assess business finance	Demonstrate limited ability to assess business finance	Demonstrate adequate ability to assess business finance	Demonstrate good ability to assess business finance	Demonstrate excellent ability to assess business finance
Be able to analyse the key skills and competencies required to lead and manage in the organisational and financial environment	Demonstrate s little or no ability to analyse the key skills and competencies required to lead and manage in the organisational and financial environment	Demonstrate s limited ability to analyse the key skills and competencies required to lead and manage in the organisational and financial environment	Demonstrate s adequate ability to analyse the key skills and competencies required to lead and manage in the organisational and financial environment.	Demonstrate s good ability to analyse the key skills and competencies required to lead and manage in the organisational and financial environment.	Demonstrate s excellent ability to analyse the key skills and competencies required to lead and manage in the organisational and financial environment.
Be able to evaluate the interrelated contributions of the key business functions	Demonstrate s little or no ability to evaluate the interrelated contributions of the key business functions	Demonstrate s limited ability to evaluate the interrelated contributions of the key business functions	Demonstrate s adequate ability to evaluate the interrelated contributions of the key business functions	Demonstrate s good ability to evaluate the interrelated contributions of the key business functions	Demonstrate s excellent ability to evaluate the interrelated contributions of the key business functions
Be able to analyse business and financial	Demonstrate s little or no ability able to analyse	Demonstrate s limited ability able to analyse	Demonstrate s adequate ability able to analyse	Demonstrate s good ability able to analyse	Demonstrate s excellent ability able to analyse

data (qualitative and quantitative).	business and financial data (qualitative and quantitative).	business and financial data (qualitative and quantitative).	business and financial data (qualitative and quantitative).	business and financial data (qualitative and quantitative).	business and financial data (qualitative and quantitative).
Be able to assess academic theories and principles to a range of business and financial contexts, challenges, and situations.	Demonstrate s little or no ability to assess academic theories and principles to a range of business and financial contexts, challenges, and situations.	Demonstrate s limited ability to assess academic theories and principles to a range of business and financial contexts, challenges, and situations.	Demonstrate s adequate ability to assess academic theories and principles to a range of business and financial contexts, challenges, and situations.	Demonstrate s good ability to assess academic theories and principles to a range of business and financial contexts, challenges, and situations.	Demonstrate s excellent ability to assess academic theories and principles to a range of business and financial contexts, challenges, and situations.
Be able to assess the importance of corporate social responsibility, global citizenship, and risk management in contemporary business and financial management.	Demonstrate s little or no ability to assess the importance of corporate social responsibility, global citizenship, and risk management in contemporary business and financial management.	Demonstrate s limited ability to assess the importance of corporate social responsibility, global citizenship, and risk management in contemporary business and financial management.	Demonstrate s adequate ability to assess the importance of corporate social responsibility, global citizenship, and risk management in contemporary business and financial management.	Demonstrate s good ability to assess the importance of corporate social responsibility, global citizenship, and risk management in contemporary business and financial management.	Demonstrate s excellent ability to assess the importance of corporate social responsibility, global citizenship, and risk management in contemporary business and financial management.
Be able to assess a range of accounting and financial techniques and frameworks to real world business situations	Demonstrate s little or no ability to assess a range of accounting and financial techniques and frameworks to real world	Demonstrate s limited ability to assess a range of accounting and financial techniques and frameworks to real world	Demonstrate s adequate ability to assess a range of accounting and financial techniques and frameworks to real world	Demonstrate s good ability to assess a range of accounting and financial techniques and frameworks to real world	Demonstrate s excellent ability to assess a range of accounting and financial techniques and frameworks to real world

	business situations	business situations	business situations	business situations	business situations
Be able to evaluate the various ways that business may be financed	Demonstrate s little or no ability to evaluate the various ways that business may be financed	Demonstrate s limited ability to evaluate the various ways that business may be financed	Demonstrate s adequate ability to evaluate the various ways that business may be financed	Demonstrate s good ability to evaluate the various ways that business may be financed	Demonstrate s excellent ability to evaluate the various ways that business may be financed