



Financial Management

31 May 2016

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 question, they should ensure that the total mark recorded for the question is rounded up to a whole mark.

Discount factors table

Year	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%
1	0.962	0.952	0.943	0.935	0.926	0.917	0.909	0.901	0.893	0.885	0.877
2	0.925	0.907	0.890	0.873	0.857	0.842	0.826	0.811	0.796	0.781	0.766
3	0.889	0.864	0.840	0.816	0.794	0.772	0.751	0.731	0.711	0.691	0.671
4	0.855	0.823	0.792	0.763	0.735	0.708	0.683	0.659	0.636	0.613	0.591
5	0.822	0.784	0.748	0.714	0.682	0.651	0.621	0.592	0.564	0.537	0.511
6	0.790	0.746	0.703	0.662	0.623	0.586	0.551	0.518	0.487	0.457	0.428
7	0.760	0.711	0.661	0.613	0.576	0.541	0.507	0.475	0.444	0.415	0.387
8	0.731	0.677	0.621	0.575	0.540	0.506	0.473	0.442	0.412	0.383	0.355
9	0.703	0.645	0.583	0.539	0.505	0.472	0.440	0.409	0.380	0.351	0.323
10	0.676	0.614	0.546	0.504	0.471	0.439	0.408	0.378	0.349	0.320	0.292
11	0.650	0.583	0.510	0.470	0.438	0.407	0.377	0.347	0.318	0.289	0.261
12	0.625	0.553	0.475	0.436	0.405	0.375	0.345	0.316	0.287	0.258	0.230
13	0.601	0.524	0.441	0.403	0.373	0.343	0.314	0.285	0.256	0.227	0.200
14	0.577	0.495	0.408	0.371	0.341	0.311	0.282	0.253	0.224	0.195	0.168
15	0.555	0.468	0.377	0.341	0.311	0.281	0.252	0.223	0.194	0.165	0.138
16	0.534	0.442	0.347	0.312	0.282	0.252	0.223	0.194	0.165	0.136	0.110
17	0.513	0.417	0.318	0.283	0.253	0.223	0.194	0.165	0.136	0.107	0.081
18	0.494	0.393	0.290	0.255	0.225	0.195	0.166	0.137	0.108	0.079	0.053
19	0.475	0.369	0.263	0.228	0.198	0.168	0.139	0.110	0.081	0.052	0.026
20	0.456	0.345	0.235	0.200	0.170	0.140	0.111	0.082	0.053	0.024	0.000
21	0.439	0.323	0.210	0.175	0.145	0.115	0.086	0.057	0.028	0.000	0.000
22	0.422	0.301	0.185	0.150	0.120	0.090	0.061	0.032	0.003	0.000	0.000
23	0.406	0.281	0.160	0.125	0.095	0.065	0.036	0.007	0.000	0.000	0.000

Marks

24	0.39 0	0.31 0	0.24 7	0.19 7	0.15 8	0.12 6	0.10 2	0.08 2	0.06 6	0.05 3	0.04 3
25	0.37 5	0.29 5	0.23 3	0.18 4	0.14 6	0.11 6	0.09 2	0.07 4	0.05 9	0.04 7	0.03 8
26	0.36 1	0.28 1	0.22 0	0.17 2	0.13 5	0.10 6	0.08 4	0.06 6	0.05 3	0.04 2	0.03 3
27	0.34 7	0.26 8	0.20 7	0.16 1	0.12 5	0.09 8	0.07 6	0.06 0	0.04 7	0.03 7	0.02 9
28	0.33 3	0.25 5	0.19 6	0.15 0	0.11 6	0.09 0	0.06 9	0.05 4	0.04 2	0.03 3	0.02 6
29	0.32 1	0.24 3	0.18 5	0.14 1	0.10 7	0.08 2	0.06 3	0.04 8	0.03 7	0.02 9	0.02 2
30	0.30 8	0.23 1	0.17 4	0.13 1	0.09 9	0.07 5	0.05 7	0.04 4	0.03 3	0.02 6	0.02 0
31	0.29 6	0.22 0	0.16 4	0.12 3	0.09 2	0.06 9	0.05 2	0.03 9	0.03 0	0.02 3	0.01 7
32	0.28 5	0.21 0	0.15 5	0.11 5	0.08 5	0.06 3	0.04 7	0.03 5	0.02 7	0.02 0	0.01 5
33	0.27 4	0.20 0	0.14 6	0.10 7	0.07 9	0.05 8	0.04 3	0.03 2	0.02 4	0.01 8	0.01 3
34	0.26 4	0.19 0	0.13 8	0.10 0	0.07 3	0.05 3	0.03 9	0.02 9	0.02 1	0.01 6	0.01 2
35	0.25 3	0.18 1	0.13 0	0.09 4	0.06 8	0.04 9	0.03 6	0.02 6	0.01 9	0.01 4	0.01 0
36	0.24 4	0.17 3	0.12 3	0.08 8	0.06 3	0.04 5	0.03 2	0.02 3	0.01 7	0.01 2	0.00 9
37	0.23 4	0.16 4	0.11 6	0.08 2	0.05 8	0.04 1	0.02 9	0.02 1	0.01 5	0.01 1	0.00 8
38	0.22 5	0.15 7	0.10 9	0.07 6	0.05 4	0.03 8	0.02 7	0.01 9	0.01 3	0.01 0	0.00 7
39	0.21 7	0.14 9	0.10 3	0.07 1	0.05 0	0.03 5	0.02 4	0.01 7	0.01 2	0.00 9	0.00 6
40	0.20 8	0.14 2	0.09 7	0.06 7	0.04 6	0.03 2	0.02 2	0.01 5	0.01 1	0.00 8	0.00 5
41	0.20 0	0.13 5	0.09 2	0.06 2	0.04 3	0.02 9	0.02 0	0.01 4	0.01 0	0.00 7	0.00 5
42	0.19 3	0.12 9	0.08 7	0.05 8	0.03 9	0.02 7	0.01 8	0.01 2	0.00 9	0.00 6	0.00 4
43	0.18 5	0.12 3	0.08 2	0.05 5	0.03 7	0.02 5	0.01 7	0.01 1	0.00 8	0.00 5	0.00 4
44	0.17 8	0.11 7	0.07 7	0.05 1	0.03 4	0.02 3	0.01 5	0.01 0	0.00 7	0.00 5	0.00 3
45	0.17 1	0.11 1	0.07 3	0.04 8	0.03 1	0.02 1	0.01 4	0.00 9	0.00 6	0.00 4	0.00 3

Answer any FOUR (4) questions

Marks

Question 1

ABC Ltd is considering purchasing a new machine. They operate in a stable market and therefore the predictions for future cash flows are reasonably certain. The relevant facts concerning the two choices are as follows:

	Machine A	Machine B	
Capital Expenditure Required	£65,000	£56,000	
Estimated life in years	5	4	
Residual value	0	0	
New cash flow after taxation each year	£25,000	£24,000	

a) Calculate the payback period for each machine.

6

Payback

Year	Machine A	Cumulative Cash Flow	Machine B	Cum Cash Flow
0	-65,000	-£65,000	-56,000	-56,000
1	25,000	-40,000	24,000	-32,000
2	25,000	-15,000	24,000	-8,000
3	25,000	10,000	24,000	16,000
4	25,000	35,000	24,000	40,000
5	25,000	60,000		

$$\text{Payback} = 2 + 15/25 = 2.6 \text{ yrs}$$

$$\text{Payback} = 2 + 8/24 = 2.33 \text{ yrs}$$

Machine A - Payback = $2 + 15/25 = 2.6$ years (2yrs 7.2 months or 2yrs 31.2 weeks)

Machine B - Payback = $2 + 8/24 = 2.333$ years (2 yrs 4 months or 17.3 weeks)

For each machine

1 mark for calculating cumulative cash flow

1 mark for identifying payback is in 3rd year

1 mark for correct calculation

- b) Calculate the net present value of each machine, using a discount rate of 10%.

Year	Machine A	Discount factor	Present values £	Machine B	Discount factor	Present values £
0	-65,000	1	-65000	-56,000	1	-56000
1	25,000	0.909	22725	24,000	0.909	21816
2	25,000	0.826	20650	24,000	0.826	19824
3	25,000	0.751	18775	24,000	0.751	18024
4	25,000	0.683	17075	24,000	0.683	16392
5	25,000	0.621	15525			
		NPV	29750		NPV	20056

For machine A

1 mark per correct line with present value- 6 marks maximum

1 mark for correct calculation of NPV

For machine B

1 mark per correct line with present value- 5 marks maximum

1 mark for correct calculation of NPV

13 marks maximum for fully correct solution.

- c) State with reasons which machine you would recommend.
Award 1 mark for each valid point (to a maximum of 6)

6

Machine B has the quickest payback(1) but both have paybacks of less than 3 years.(1) As they operate in a 'stable market' with reasonably certainty of the predicted cash flows then payback may not be the most suitable investment appraisal technique.(1)

Both meet the company's required rate of return (10%) and have positive NPV's.(1)

However machine A has a much higher NPV and therefore if there are no capital restrictions would be the preferred option.(1)

Other non-financial factors may need to be considered- (1)

Total 25 Marks

Question 2

The following are the summarised financial statements of Yoriko Ltd for the past two years.

Income statements for the year ended 30 November				
	2014		2015	
	£000	£000	£000	£000
Revenue		4,940		6,850
<i>Less Cost of sales</i>				
Opening inventories	630		930	
Purchases	<u>3,320</u>		<u>4,770</u>	
	3,950		5,700	
<i>Less Closing inventories</i>	<u>930</u>	<u>3,020</u>	<u>1,150</u>	<u>4,550</u>
Gross profit		1,920		2,300
Expenses		(1,460)		(1,850)
Operating profit		<u>460</u>		<u>450</u>

Statements of Financial Position as at 30 November				
	2014		2015	
	£000	£000	£000	£000
Non-current assets		2,600		3,210
Current assets				
Inventories	930		1,150	
Trade receivables	820		1,630	
Bank	<u>20</u>	<u>1,770</u>	<u>310</u>	<u>3,090</u>
Total assets		<u>4,370</u>		<u>6,300</u>
Equity				
£1 ordinary shares	1,000		1,800	
Share premium	-		400	
Reserves	<u>2,810</u>	3,810	<u>3,260</u>	5,460
Current liabilities		<u>560</u>		<u>840</u>
Total equity and liabilities		<u>4,370</u>		<u>6,300</u>

Assume trade receivables at start of 2014 period = £820,000

Assume that all sales revenue is from credit sales.

a) Calculate, showing workings, the following ratios for both years:

I. Gross Profit Margin

2

$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Sales Revenue}} \times 100 \quad 1 \text{ mark}$$

$$2014: 1920/4940 \times 100 = 38.9\%$$

$$2015: 2300/6850 \times 100 = 33.6\% \quad 1 \text{ mark}$$

Award 1 mark for correct formula, 2 marks for correct calculations with formula.

II. Operating Profit Margin

2

$$\text{Operating Profit Margin} = \frac{\text{Operating Profit}}{\text{Sales Revenue}} \times 100$$

$$2014 = 460/4940 \times 100 = 9.3\%$$

$$2015 = 450/6850 \times 100 = 6.6\%$$

Award 1 mark for correct formula, 2 marks for correct calculations with formula.

III. Return on Capital employed (ROCE)

2

$$\text{ROCE} = \frac{\text{Operating Profit}}{\text{Capital Employed}} \times 100$$

$$2014 = 460/3810 \times 100 = 12.1\%$$

$$2015 = 450/5460 \times 100 = 8.2\%$$

Award 1 mark for correct formula, 2 marks for correct calculations with formula.

IV. Current ratio

2

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$2014 = 1770/560 = 3.2:1$$

$$2015 = 3090/840 = 3.7:1$$

Award 1 mark for correct formula, 2 marks for correct calculations with formula.

V. Acid test ratio

$$\text{Acid Test} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}} \times 100$$

$$\begin{aligned} 2014 &= (1770 - 930) / 560 = 1.5 \\ 2015 &= (3090 - 1150) / 840 = 2.3 \end{aligned}$$

Award 1 mark for correct formula, 2 marks for correct calculations with formula.

VI. Average Inventory Turnover Period (AITP)

$$\text{AITP} = \frac{\text{Average Inventories Held}}{\text{Cost of Sales}} \times 365$$

$$\begin{aligned} 2014 &= (630 + 930) / 2 / 3020 = 94.3 \text{ days} \\ 2015 &= (930 + 1150) / 2 / 4550 \times 365 = 83.4 \text{ days} \end{aligned}$$

Also accept answer in times per year: 2014 = 3.87; 2015 = 4.38.

Note 1 mark for correct formula, 2 marks for correct calculations with formula.

VII. Average Trade Receivables Settlement Period (ATRSP)

$$\text{ATRSP} = \frac{\text{Average Trade Receivables}}{\text{Credit Sales Revenue}} \times 365$$

$$2014 = (820 + 820) / 2 / 4940 \times 365 = 60.6 \text{ days}$$

$$2015 = (820 + 1630) / 2 / 6850 \times 365 = 65.2 \text{ days}$$

Note 1 mark for correct formula, 2 marks for correct calculations with formula.

- b) Evaluate the financial performance of Yorko.
Award 1 mark per valid point made. Not all points need to be made and other valid analysis should be awarded marks.

The most striking change that has occurred over the two-year period is the decline in the profitability ratios. There has been a marked decline in the gross profit margin(1), which has ultimately fed through to the operating profit margin(1). The decline in the gross profit margin may have been prompted by a desire to increase sales revenue. We can see that over the period sales revenue increased from £4,940,000 to £6,850,000 – an increase of around 39%.(1) Whilst this led to an increase in gross profit (from £1,920,000 to £2,300,000) there was a large increase in overheads during the period (1), leading to an overall decrease in operating profit (from £460,000 to £450,000). This decline in profit and the increase in share capital and reserves during the period resulted in a significant decline in the ROCE in 2015, which should be a cause for concern (1).

The current ratio increased slightly during the period and the acid-test ratio increased significantly over the previous year (1). Although the increase in sales revenue and decline in margins have an adverse effect on liquidity, this was counterbalanced by the issue of ordinary shares during the period. Hence, liquidity ratios did not deteriorate (1).

There was a decline in the inventories turnover period during the period (1). However, inventories levels still seem quite high at around 83 days. This high inventories holding level may be due to an expectation that sales revenue will increase further in the forthcoming year (1). The average settlement period for trade receivables increased slightly over the period. On average trade receivables are taking around two months to pay, which seems fairly high (1).

Also credit any comments relating to the ‘absolute’ figures in the accounts.

- c) Explain two benefits of using ratios to assess financial performance.

4

Ratios are useful because:

- **They provide a quick and simple means of interpreting a business’ financial information.**
- **Provide a picture of a company’s financial health.**
- **They enable comparisons between companies that may differ in size where direct comparison of figures may be misleading.**
- **Highlight financial strengths and weaknesses of the business.**

2 marks per reason up to 4 marks.

Total 25 Marks

Question 3

- a) Explain benchmarking and how it can be used to improve performance. 10

Award up to :

- **3 marks for a definition of benchmarking**
- **5 marks for explaining the process**
- **2 marks for how it can be used to improve performance.**

“The process of measuring the organisation’s operations, products and services against those of competitors recognised as market leaders, in order to establish targets which will provide a competitive advantage.”

Weetman 2011

Or

Benchmarking is the continuous process of comparing and improving performance using best performers. A benchmark is the measure of best practice performance for a specific activity. (3 marks)

The process of benchmarking involves:

- **Decide the area of activity to benchmark (e.g. customer services, business processes in particular departments, quality of employees, standard of training).**
- **Select a competitor of good reputation.**
- **Decide on the appropriate measurements to be used in defining performance levels.**
- **Determine the competitor's strengths and compare these with the company's own record.**
- **Use the information collected as the basis for an action plan. To be effective, this action plan must involve all grades of employee working in the area of activity. (5 marks)**

Businesses use benchmarking in an attempt to improve performance and close the gap between their current performance and best practice.

- **Involves evaluating the process as well as end performance i.e. how is the performance achieved? It can be internal or external.**
 - **internal**
 - **different department within same company**
 - **external**
 - **competitor within same industry**
 - **competitor in different industry (2 marks)**

- b) Explain the role of management accounting in supporting benchmarking. 3

Award 1 mark per valid point made:

Directing attention, by producing the performance measures problem-solving, 1 mark

by collecting information (1)

and creating action plan (1)

and score-keeping, to monitor achievement (1)

- c) Identify **THREE (3)** key questions to ask in designing a performance report. **3**
Award 1 mark per relevant question:
To whom should the report be addressed?
What should be reported?
How frequently should the report be presented?
- d) Explain how answering each of the three questions identified in (c) impact upon the design of the report. **9**
Award 1 mark per valid point made under each question. Up to 3 marks per question
- ***To whom should the report be addressed?***
 - ***Addressed to the manager in charge of the responsibility centre.***
 - ***The level of detail in the report will be influenced by the managerial position of the person to whom it is addressed.***
 - ***Senior managers will receive summarised reports for their broad areas of responsibility.***
 - ***Junior managers will receive detailed reports for their limited areas of responsibility***
- What should be reported?***
- ***Those items that are controlled by the manager of the particular responsibility centre. Focus on items controlled by manager to whom report is prepared for.***
 - ***Price and quantities of items.***
 - ***Financial and non-financial aspects as relevant.***
 - ***Understandable format***
 - ***Numbers and text***
 - ***Tables and graphs***
 - ***Tailored to meet individual needs of manager.***
- How frequently should the report be presented?***
- ***The frequency of reporting should be related to management's information needs.***
 - ***Daily, Weekly or Monthly***
 - ***Must be produced on a timely basis e.g. as soon as possible after information is available.***

Total 25 Marks

Question 4

- a) Provide an overview of IAS 1 (Presentation of Financial Statements) and explain how it impacts upon the preparation of financial statements. 10

Award 1 mark per relevant point up to 10 marks.

IAS 1 Presentation of Financial Statements sets out the overall requirements for financial statements (1 mark), including how they should be structured (1 mark), the minimum requirements for their content (1 mark) and overriding concepts (1 mark) such as going concern (1 mark) the accrual basis of accounting (1 mark) and the current/non-current distinction (1 mark).

The standard requires a complete set of financial statements (1 mark) to comprise a statement of financial position, (1 mark) a statement of profit or loss and other comprehensive income (1 mark), a statement of changes in equity (1 mark) and a statement of cash flows (1 mark).

Source: Deloitte- UK Accounting Plus

Note for markers- this question is NOT about the purpose or advantages/benefits of IAS1.

- b) What is the aim of companies presenting a *statement of changes in equity* and what might it show?

5

Award up to 2 marks for purpose and up to 3 marks for content.

A statement of changes in equity aims to help users understand the changes in share capital and reserves (1 mark) in a specified period (1 mark). It reconciles share capital and reserves at beginning and end of specified period. (1 mark)

IAS 1 requires an entity to present a separate statement of changes in equity. The statement must show:

- **total comprehensive income for the period, (1 mark) showing separately amounts attributable to owners of the parent and to non-controlling interests(1 mark) the effects of any retrospective application of accounting policies or restatements made in accordance with IAS 8, (1 mark) separately for each component of other comprehensive income reconciliations between the carrying amounts at the beginning and the end of the period for each component of equity, (1 mark)**
- **separately disclosing: profit or loss other comprehensive income* transactions with owners, (1 mark) showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control(1 mark)**
- **An analysis of other comprehensive income by item is required to be presented either in the statement or in the notes.**

The following amounts may also be presented on the face of the statement of changes in equity, or they may be presented in the notes:

- **amount of dividends recognised as distributions(1 mark)**
- **the related amount per share. (1 mark)**

- c) What is a *statement of cash flows* as required under IAS1?

3

Award 1 mark per point made.

It provides a summary of the cash receipts and payments over the specified period.(1 mark)

Analyses the business's cash movements for a specified period. (1 mark)

IAS 7 Statement of Cash Flows sets out presentational requirements for this statement. (1 mark)

The statement of cash flows presents three classifications of cash flows:

- **Operating activities (1 mark)**
- **Investing activities (1 mark)**
- **Financing activities (1 mark)**

- d) Explain the indirect method of calculating the cash flow.
Award 2 marks for 3 correct entries and or reasonable description, 3 marks for 5 correct entries, 5 marks for 7 correct entries and 7 marks for all 9 correct entries.

To identify net cash flows from operating activities. Can be calculated with direct or indirect method.

The indirect method adjusts accrual basis net profit or loss for the effects of non-cash transactions.

The direct method shows each major class of gross cash receipts and gross cash payments.

- I. Profit before interest & tax**
- II. Add back Depreciation expense**
- III. Add Interest expense**
- IV. Plus (or minus) decrease (or increase) in inventories**
- V. Plus (or minus) decrease (or increase) in trade receivables**
- VI. Plus (or minus) increase (or decrease) in trade payables**
- VII. Less interest paid**
- VIII. Less taxation paid**
- IX. Equals Net cash flow operating activities**

Total 25 Marks

Question 5

- a) Explain the concept of *corporate governance* highlighting the distinct role and responsibilities of shareholders and the board. 10

Award up to 3 marks for explanation of the concept, 3 marks for explaining role of shareholders, 4 marks for explanation of role of board.

Corporate governance is the system by which companies are directed and controlled. Corporate governance is therefore about what the board of a company does and how it sets the values of the company. It is to be distinguished from the day-to-day operational management of the company by full-time executives.

Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place.

The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board's actions are subject to laws, regulations and the shareholders in general meeting.

- b) It is claimed much of the success of the UK Governance code is the 'comply' or 'explain' reporting requirement. Explain this requirement and why it is so successful. 6

Award up to 2 marks for explaining the requirement and a further 4 marks for explaining why this is successful)

Rather than setting out binding laws, government regulators set out a code, which listed companies may either comply with, or if they do not comply, explain publicly why they do not. (2 marks)

'Comply or explain' intends to let the market decide whether or not a certain set of standards is appropriate for individual companies. One company may differ from the standard, 'comply or explain' means that this approach is not necessarily suitable for every organisation in an industry, but because a company has to offer explanations to market investors, if investors do not accept a company's explanation, then investors will sell their shares, therefore the markets action has proved the sanction rather than having to evoke a legal one.

Furthermore, the UK's system of business regulation, which is principles rather than rules based, reduces the cost to global businesses of introducing procedures to comply with detailed regulations, many of which unnecessarily constrain business practice and innovation. (4 marks)

- c) Explain *business process re-engineering* and some of its benefits. 6
Award 1 mark per point made - " the fundamental rethinking and radical redesign of the business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed" Hammer and Champy (1993)

It involves a dramatic redesign of business processes (1 mark), organisation structures (1 mark) and use of technology to achieve breakthroughs in business competitiveness (1 mark). The benefits claimed are that operations can be streamlined (1 mark), and consequently costs can be cut (1 mark), while creating process excellence in all key aspects of the organisation (1 mark). Described as 'breaking the china' (1 mark). BPR helps overcome the short-sighted approaches that sometimes emerge from excessive concentration on functional boundaries. By focusing on entire processes the exercise can streamline activities throughout the organisation (1 mark). BPR can help to reduce organisational complexity by eliminating unnecessary activities (1 mark).

- d) Identify THREE major goals of BPR. 3
There are three key goals of BPR:
- 1. Customer satisfaction***
 - 2. Market domination***
 - 3. Increased profitability***

1 mark per relevant goal-3 marks maximum

Total 25 Marks

End of paper

Learning Outcomes matrix

Question	Learning Outcomes assessed	Marker can differentiate between varying levels of achievement
1	2	Yes
2	3	Yes
3	2	Yes
4	1	Yes
5	1,3	Yes

Grade descriptors

Learning Outcome	Pass	Merit	Distinction
Analyse and prepare financial statements using International Financial Reporting Standards (IFRS)	Demonstrate ability to perform the task	Demonstrate ability to perform the task consistently well	Demonstrate ability to perform the task to the highest standard
Assess the financial performance of companies	Demonstrate an adequate awareness of issues associated with the subject and make some appropriate judgements	Demonstrate a sound awareness of issues associated with the subject and make consistently appropriate judgements	Demonstrate a detailed awareness of the complexity of issues associated with the subject and make highly appropriate judgements
Assess the use of managerial accounting in business strategy	Demonstrate an adequate awareness of issues associated with the subject and make some appropriate judgements	Demonstrate a sound awareness of issues associated with the subject and make consistently appropriate judgements	Demonstrate a detailed awareness of the complexity of issues associated with the subject and make highly appropriate judgements