



Mark Scheme (Results)

June 2019

BTEC Level 3 National in Business /  
Enterprise and Entrepreneurship  
Unit 3: Personal and Business  
Finance (31463H)



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# Unit 3: Personal and Business Finance – mark scheme

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## **General marking guidance**

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- All learners must receive the same treatment. Examiners must mark the first learner in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Learners must be rewarded for what they have shown they can do, rather than be penalised for omissions.
- Examiners should mark according to the mark scheme, not according to their perception of where the grade boundaries may lie.
- All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the learner's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a learner's response, the team leader must be consulted.
- Crossed-out work should be marked UNLESS the learner has replaced it with an alternative response.
- ECF means Error Carried Forward from previous part of the question (this replaces the previously used OFR i.e. Own Figure Rule)

## **Specific marking guidance for levels-based mark schemes**

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Levels-based mark schemes (LBMS) have been designed to assess learner work holistically. They consist of two parts: indicative content and levels-based descriptors. Indicative content reflects specific content-related points that a learner might make. Levels-based descriptors articulate the skills that a learner is likely to demonstrate in relation to the assessment outcomes being targeted by the question. Different rows within the levels represent the progression of these skills.

When using a levels-based mark scheme, the 'best fit' approach should be used.

- Examiners should first make a holistic judgement on which band most closely matches the learner's response and place it within that band. Learners will be placed in the band that best describes their answer.
- The mark awarded within the band will be decided based on the quality of the answer in response to the assessment focus/objective and will be modified according to how securely all bullet points are displayed at that band.
- Marks will be awarded towards the top or bottom of that band depending on how they have evidenced each of the descriptor bullet points.



### Section A Personal Finance

Question number	Answer	Mark
1	<p>Award <b>one</b> mark for each type of financial business, up to a maximum of <b>two</b> marks.</p> <ul style="list-style-type: none"> <li>• Banks</li> <li>• Building societies</li> <li>• Credit unions</li> <li>• Debt management</li>   <li>• Accept Financial products dealing with: <ul style="list-style-type: none"> <li>○ Endowments</li> <li>○ Home finance (including mortgage advice)</li> <li>○ Insurance</li> <li>○ Investments</li> <li>○ Payment protection insurance (PPI)</li> <li>○ Pensions</li> <li>○ Loans</li> </ul> </li> </ul>	(2)

Question number	Answer	Mark
2	<p>Award <b>one</b> mark for each advantage identified, up to a maximum of <b>two</b> marks.</p> <ul style="list-style-type: none"> <li>• Borrow money against an asset</li> <li>• Quickly sell unwanted assets</li> <li>• Asset can be reclaimed once loan and interest are repaid</li> <li>• Fast method of credit/receiving cash</li> <li>• Do not need a credit check</li> <li>• Will not affect credit score</li> <li>• Receive the money in cash</li> <li>• Items available to purchase below market value</li> <li>• Regulated / protected form of credit</li> </ul> <p>Accept any other appropriate response.</p>	(2)

Question number	Answer	Mark
3	<p>Award <b>one</b> mark for identification of a benefit of CHAPS (up to maximum of <b>two</b> marks) and <b>one</b> mark for a reason why it is a benefit to the consumer (up to maximum of <b>two</b> marks).</p> <ul style="list-style-type: none"> <li>• There is no upper limit to the amount (1) so large amounts of money can be transferred in one payment (1)</li> <li>• It is a fast way of transferring payments (1) as transactions are normally guaranteed to be made in a short time scale/same day (1)</li> <li>• It can be accessed online /branch / telephone (1) so it is a convenient method of payment (1)</li> <li>• Fee may be fixed (1) so can be cost effective method (1)</li> <li>• Guaranteed against fraud (1) so it is secure/safe to use (1)</li> </ul> <p>Accept any other appropriate answer.</p>	<b>(4)</b>

Question number	Indicative content		Mark
4	<p>Indicative content may include:</p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Free to use</li> <li>• Located in most major towns</li> <li>• Face to face as well as online</li> <li>• Wide range of financial advice can be provided</li> <li>• Staffed by impartial volunteers.</li> <li>• Not linked to any financial institution</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• May not be specialists in field</li> <li>• Knowledge may be limited</li> <li>• Advice may be incorrect</li> <li>• Limited hours of operation/may have to wait for an appointment</li> <li>• Advice given is general guidance not legal advice</li> </ul>		(6)
Level	Mark	Award up to six marks. Refer to the guidance on the cover of this document for how to apply levels-based mark schemes	
	0	No rewardable material.	
1	1-2	<ul style="list-style-type: none"> <li>• Demonstrates knowledge and understanding of relevant information; there may be major gaps or omissions.</li> <li>• Provides little evidence of weighing up of competing arguments/pros and cons in context; discussion likely to consist of basic description of information.</li> <li>• Meaning may be conveyed but in a non-specialist way; response lacks clarity and fails to provide an adequate answer to the question.</li> </ul>	
2	3-4	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of relevant information with a few gaps or omissions.</li> <li>• Discussion is partially developed, but will be imbalanced. Evidences the weighing up of competing arguments/pros and cons in context.</li> <li>• Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language.</li> </ul>	
3	5-6	<ul style="list-style-type: none"> <li>• Demonstrates accurate and thorough knowledge and understanding of relevant information; any gaps or omissions are minor.</li> <li>• Displays a well-developed and balanced discussion, demonstrating a thorough grasp of competing arguments/pros and cons in context.</li> <li>• Logical reasoning evidenced throughout response which is clear and uses specialist technical language consistently.</li> </ul>	

Question number	Indicative content	Mark
5	<p>Indicative content may include:</p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Discounts or money-off vouchers often available when using the store card</li> <li>• Get access to promotional events: pre-sales, VIP events</li> <li>• Could build up loyalty points</li> <li>• Access to other promotions such as extended warranties</li> <li>• Build up a credit rating</li> <li>• Instant access to the goods and pay later</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Inflexible - can only use store cards to pay for things within that particular department store</li> <li>• Often sold by sales assistants, not financial experts</li> <li>• Higher interest charged if not repaid in full each month</li> <li>• Store cards often charge much higher interest than an average credit card</li> </ul>	<b>(10)</b>

**Mark scheme (award up to 10 marks)** refer to the guidance on the cover of this document for how to apply levels-based mark schemes\*.

Level	Mark	Descriptor
Level 0	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none"> <li>• Demonstrates isolated knowledge and understanding of relevant information; there may be major gaps or omissions.</li> <li>• Provides little evidence of application and links between relevant information. Assessment likely to consist of basic description of information.</li> <li>• Judgements on significance may be presented, but are likely to be generic assertions rather than supported by evidence.</li> <li>• Meaning may be conveyed but in a non-specialist way; response lacks clarity and fails to provide an adequate answer to the question.</li> </ul>
Level 2	4-7	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of relevant information with a few omissions.</li> <li>• Evidence of application demonstrating some linkages and interrelationships between factors leading to a judgement/judgements being made.</li> <li>• Assessment is presented leading to judgements on significance but some may be lacking support.</li> <li>• Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language</li> </ul>
Level 3	8-10	<ul style="list-style-type: none"> <li>• Demonstrates accurate and thorough knowledge and understanding of relevant information; any gaps or omissions are minor.</li> <li>• Evidences thorough application containing linkages and interrelationships between factors leading to a judgement/judgements being made.</li> <li>• Displays a well-developed and balanced assessment leading to rationalised judgements on significance.</li> <li>• Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language.</li> </ul>



Question number	Indicative content	Mark
6	<p><b>Shirevale</b></p> <ul style="list-style-type: none"> <li>• Can open with any amount between £100 and £5 000 but cannot add in any further deposits beyond £5 000</li> <li>• Has the best interest rate of 2.35%, which is fixed and thus guaranteed for the first year. It is unlikely that the variable rate will be higher than this within the first year. However we do not know the rate after the first year</li> <li>• Limited access to money – only once a year, which has an interest penalty</li> <li>• Only one that does not allow additional deposits to be made, even if not reached maximum opening amount, which he wants to do</li> <li>• Access is only via branch, which could be inconvenient</li> </ul> <p><b>Westshire Bank Fixed Rate Cash ISA</b></p> <ul style="list-style-type: none"> <li>• Maximum deposit is £20 000 , so can continue adding funds up to this amount</li> <li>• 1.75% fixed for one year so return is smaller than Shirevale and could be worse than Ashridge if variable rates were to rise before the end of the first year</li> <li>• Penalty for withdrawals although this may not be an issue as the funds are not to be used for at least two years</li> <li>• Can add to the funds at any time, which could increase the final balance</li> <li>• Internet only, which may not be suitable for his needs although may also be very convenient</li> </ul> <p><b>Ashridge Bank Regular Saver ISA</b></p> <ul style="list-style-type: none"> <li>• Maximum deposit is £20 000, so can continue adding funds up to this amount. Minimum deposit is £2 000, which is the highest.</li> <li>• 1.75% interest is highest variable rate but still lower than the best fixed rate</li> <li>• No penalty for withdrawals will allow some flexibility in times of emergency</li> <li>• Additional funds must be added monthly. However, he does not appear to be able to put any extra in which may prevent this option being chosen</li> <li>• It has the best access to the funds – branch, telephone and internet</li> </ul> <p><b>The Royal Bank Cash ISA</b></p> <ul style="list-style-type: none"> <li>• Low minimum initial investment. However he wants to put much more in so this may not be a benefit. Maximum deposit is £20 000 , so can continue adding funds up to this amount</li> <li>• 1.6% interest is the lowest but this is most flexible account for adding and withdrawing funds</li> <li>• No restrictions on additional deposits which could help increase the final balance</li> <li>• Unlimited withdrawals may be beneficial in times of emergency</li> <li>• Good access to funds apart from internet (which could be an issue as this might be the most convenient method)</li> </ul>	(12)

<b>Level</b>	<b>Mark</b>	<b>Award up to 12 marks. Refer to the guidance on the cover of this document for how to apply levels-based mark schemes</b>
	0	No rewardable material.
1	1–3	<ul style="list-style-type: none"> <li>• Demonstrates isolated knowledge and understanding of relevant information; there may be major gaps or omissions.</li> <li>• Provides little evidence of application and links between relevant information. Evaluation likely to consist of basic description of information.</li> <li>• Conclusions may be presented, but are likely to be generic assertions rather than supported by evidence.</li> <li>• Meaning may be conveyed but in a non-specialist way; response lacks clarity and fails to provide an adequate answer to the question.</li> </ul>
2	4–6	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of relevant information with a few omissions.</li> <li>• Evidence of application demonstrating some linkages and interrelationships between factors leading to a judgement/judgements being made.</li> <li>• Evaluation is presented leading to conclusions but some may be lacking support.</li> <li>• Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language.</li> </ul>
3	7–9	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of relevant information with a few minor omissions.</li> <li>• Evidence of application demonstrating linkages and interrelationships between factors leading to a supported judgement/judgements being made.</li> <li>• Displays a balanced evaluation demonstrating an awareness of competing arguments, leading to conclusions.</li> <li>• Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language.</li> </ul>
4	10–12	<ul style="list-style-type: none"> <li>• Demonstrates accurate and thorough knowledge and understanding of relevant information; any gaps or omissions are minor.</li> <li>• Evidences thorough application leading to balanced evaluation drawing on linkages and interrelationships between factors.</li> <li>• Displays a well-developed, balanced and coherent evaluation, demonstrating a thorough grasp of competing arguments, leading to supported conclusions.</li> <li>• Logical reasoning evidenced throughout response which is clear and uses specialist technical language consistently and fluently.</li> </ul>

### Section B Business Finance

Question number	Answer	Mark
7	<p>Award <b>one</b> mark for each inflow identified, up to a maximum of <b>two</b> marks.</p> <ul style="list-style-type: none"> <li>• Cash sales</li> <li>• Credit sales</li> <li>• Sales/revenue*</li> <li>• Loans</li> <li>• Bank interest received</li> <li>• Capital introduced</li> <li>• Sale of assets</li> <li>• Commission received</li> <li>• Grant</li> <li>• Rental income received</li> </ul> <p>*Accept 'sales' or 'revenue' for one mark where the learner has not used 'cash sales' or 'credit sales' as their other answer.</p> <p>Accept any other appropriate answer.</p>	(2)

Question number	Answer	Mark
8	<p>Award <b>one</b> mark for each item up to a maximum of <b>two</b> marks.</p> <ul style="list-style-type: none"> <li>• Trademark</li> <li>• Goodwill/customer loyalty</li> <li>• Patent</li> <li>• Copyrights</li> <li>• License</li> <li>• Intellectual property</li> <li>• Branding/brand name</li> <li>• Logo</li> <li>• Reputation</li> <li>• Business/company name</li> <li>• Website/domain name</li> </ul> <p>Accept any other appropriate answer.</p>	(2)

Question number	Answer	Mark
9(a)	<p>Award <b>four</b> marks for the correct answer</p> <ul style="list-style-type: none"> <li>• 16 500 units</li> </ul> <p><b>OR</b></p> <p>Award a maximum of <b>three marks</b> for ECF for any <b>one</b> of the following break-even figures:</p> <ul style="list-style-type: none"> <li>• 14 000 units (lease not included in fixed costs)</li> <li>• 8 179 units (salaries not included in fixed costs)</li> <li>• 16 309 units (rent not included in fixed costs)</li> <li>• 11 013 units (other fixed costs not included in fixed costs)</li> </ul> <p><b>OR</b></p> <p>Award a maximum of <b>three marks</b> for ECF where fixed costs have been correctly shown but incorrectly calculated - reward the final answer if the rest of the calculation is correct</p> <p><b>OR</b></p> <p>Award a maximum of <b>three marks</b> for ECF where the contribution has been correctly shown but incorrectly calculated - reward the final answer if the rest of the calculation is correct</p> <p><b>OR</b></p> <p>Award <b>one mark</b> for formula in words or numbers.</p> <ul style="list-style-type: none"> <li>• Break-even = Fixed costs / selling price per unit – variable cost per unit</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• Break-even = Fixed costs / contribution per unit</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• Break-even = <math>\frac{\pounds 133\,136 + \pounds 40\,000 + \pounds 3\,064 + \pounds 87\,800}{\pounds 30 - \pounds 14}</math></li> </ul> <p><b>AND</b></p> <p>Award <b>one mark</b> for correct calculation of fixed costs</p> <ul style="list-style-type: none"> <li>• £264 000</li> </ul> <p><b>AND</b></p> <p>Award <b>one mark</b> for correct calculation or identification of contribution per unit</p> <ul style="list-style-type: none"> <li>• £30 - £14</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• £16</li> </ul> <p>Accept figures with or without the label 'units'</p>	<b>(4)</b>

Question number	Answer	Mark
9 (b) i	18 700	<b>(1)</b>
9 (b) ii	-1 980 <b>OR</b> (1 980) <b>OR</b> ECF from 9b(i)	<b>(1)</b>
9 (b) iii	40 240 <b>OR</b> ECF from either 9b (i) or 9b (ii)	<b>(1)</b>
9 (b) iv	40 240 <b>OR</b> ECF candidate's same answer from 9(b)iii	<b>(1)</b>

Question number	Answer	Mark
9 (c)	Award <b>two</b> marks for £109 998 <b>OR</b> Award <b>one</b> mark for calculating the depreciation = £12 222  Accept all answers with or without £ sign.	<b>(2)</b>

Question number	Answer	Mark
10 (a)	<p>Award <b>two</b> marks for the correct answer of 200 or 200%</p> <p><b>OR</b></p> <p>Award <b>one</b> mark for formula in words or numbers.</p> <ul style="list-style-type: none"> <li>• Gross profit / cost of sales x 100</li> <li>• 28 800 / 14 400 x 100</li> </ul> <p>Accept all answers with or without % sign.</p>	<b>(2)</b>

Question number	Answer	Mark
10(b)	<p>Award <b>two</b> marks for the correct answer of 66.67%.</p> <p>Accept 67% or any variation on the number of decimal places, e.g. 66.6%, 66.7%, 66.6667%.</p> <p>Do not accept 66%</p> <p><b>OR</b></p> <p>Award <b>one</b> mark for formula in words or numbers.</p> <ul style="list-style-type: none"> <li>• Gross profit / sales x 100</li> <li>• 28 800 / 43 200 x 100</li> </ul> <p>Accept all answers with or without % sign.</p> <p>Accept formula with 'revenue', 'sales revenue', or 'turnover' instead of 'sales'.</p>	<b>(2)</b>

Question number	Answer	Mark
10 (c)	<p>Award <b>four</b> marks for the correct answer of:</p> <ul style="list-style-type: none"> <li>• 30.49%</li> <li>• 30.5%</li> </ul> <p>Also accept 30.4%</p> <p>Accept answer with or without % sign.</p> <p><b>OR</b></p> <p>Award <b>one</b> mark for formula of Return on Capital Employed in words</p> <ul style="list-style-type: none"> <li>• Profit / Capital Employed x 100</li> </ul> <p><b>AND</b></p> <p>Award <b>one</b> mark for formula of profit for the year in words or numbers</p> <ul style="list-style-type: none"> <li>• Gross profit – Total expenses</li> <li>• 28 800 – 22 360</li> </ul> <p><b>AND</b></p> <p>Award <b>one</b> mark for correct calculation of profit</p> <ul style="list-style-type: none"> <li>• 6 440</li> </ul> <p><b>OR</b></p> <p>Award <b>three</b> marks for formula of Return on Capital Employed in numbers</p> <ul style="list-style-type: none"> <li>• <math>6\,440 / 21\,120 \times 100</math></li> </ul>	<b>(4)</b>

Question number	Answer	Mark
10 (d)	<p>Award <b>three</b> marks for the correct answer of 24 days</p> <p>Accept the following:</p> <ul style="list-style-type: none"> <li>• 23.8 days</li> <li>• 23.76 days</li> <li>• 23.758 days</li> </ul> <p><b>OR</b></p> <p>Award <b>one</b> mark for formula in words</p> <ul style="list-style-type: none"> <li>• Trade receivables / credit sales x 365</li> </ul> <p><b>AND</b></p> <p>Award <b>one</b> mark for calculation of credit sales of</p> <ul style="list-style-type: none"> <li>• 21 600</li> </ul> <p><b>OR</b></p> <p>Award <b>two</b> marks for formula in numbers:</p> <ul style="list-style-type: none"> <li>• <math>1\,406 / 21\,600 \times 365</math></li> </ul> <p>Accept all answers with or without 'days'.</p>	<b>(3)</b>



Question number	Answer	Mark
10(e)	<p>Award <b>three</b> marks for the correct answer of 210.</p> <p><b>OR</b></p> <p>Award <b>one</b> mark for:</p> <ul style="list-style-type: none"> <li>• 840 / 12</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• 70</li> </ul> <p><b>OR</b></p> <p>Award <b>two</b> marks for:</p> <ul style="list-style-type: none"> <li>• 70 * 3</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• 840 / 12 * 3</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• 840 / 4</li> </ul>	<b>(3)</b>

Question number	Indicative content		Mark
11	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• It is a method of finance which does not incur interest and does not need to be repaid</li> <li>• It is flexible, owners have complete control over how the retained profits are reinvested and what proportion is kept rather than taken as drawings</li> <li>• Retained profits are less risky than borrowing - loans often require security</li> <li>• Finance may be available immediately – no need for alternative sources of finance</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Once used, there will be less capital to use in the business</li> <li>• May take cash which could be better used elsewhere i.e. opportunity cost</li> <li>• The £14 200 of retained profit may not be enough to purchase the machinery</li> <li>• Cash and profits are not the same: <ul style="list-style-type: none"> <li>○ Whilst the company may have made some profit it may have already reinvested it elsewhere</li> <li>○ Lowri appears to have taken a great deal of the profit for her own personal use (£25 000) based on the amount of retained profit left</li> <li>○ Half of her sales are on credit so this money has not been received despite it increasing profits</li> <li>○ They only have £6 240 in the bank and £780 in cash which may not be enough to purchase the machinery or may leave them short of cash in the future</li> </ul> </li> </ul>		<b>(6)</b>
<b>Level</b>	<b>Mark</b>	<b>Award up to six marks. Refer to the guidance on the cover of this document for how to apply levels-based mark schemes</b>	
	0	No rewardable material.	
1	1–2	<ul style="list-style-type: none"> <li>• Demonstrates isolated knowledge and understanding of relevant information; there may be major gaps or omissions.</li> <li>• Provides little evidence of weighing up of competing arguments/pros and cons in context; discussion likely to consist of basic description of information.</li> <li>• Meaning may be conveyed but in a non-specialist way; response lacks clarity and fails to provide an adequate answer to the question.</li> </ul>	

2	3-4	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of relevant information with a few gaps or omissions.</li> <li>• Discussion is partially developed, but will be imbalanced. Evidences the weighing up of competing arguments/pros and cons in context.</li> <li>• Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language.</li> </ul>
3	5-6	<ul style="list-style-type: none"> <li>• Demonstrates accurate and thorough knowledge and understanding of relevant information; any gaps or omissions are minor.</li> <li>• Displays a well-developed and balanced discussion, demonstrating a thorough grasp of competing arguments/pros and cons in context.</li> <li>• Logical reasoning evidenced throughout response which is clear and uses specialist technical language consistently.</li> </ul>

Question number	Indicative content	Mark
12	<p><b>Possible actions</b></p> <ul style="list-style-type: none"> <li>• Increase selling price, which would increase revenue.</li> <li>• Find a cheaper supplier, which would reduce variable costs.</li> <li>• Reduce staff costs, which would reduce variable costs.</li> <li>• Reduce premises cost/renegeotiate lease, which would reduce fixed costs.</li> <li>• Reduce expenses, e.g. rent, which would reduce fixed costs.</li> <li>• Reduce other costs, which would reduce variable costs.</li> </ul> <p>Do not reward increase sales as forecasted sales are given as 3 600.</p> <p><b>Potential issues with actions taken</b></p> <ul style="list-style-type: none"> <li>• Revenue will only increase if sales levels are maintained.</li> <li>• Revenue may decrease if increased prices cause a fall in sales.</li> <li>• May already have cheapest supplier/other suppliers may not be available.</li> <li>• Existing suppliers may not be willing to negotiate reduced prices.</li> <li>• A cheaper supplier may result in poorer quality products, which could upset customers</li> <li>• May be paying minimum wage so may not be able to reduce this cost further.</li> <li>• Reducing staff costs may result in reduced output.</li> <li>• May be mid-lease and cannot renegotiate further.</li> <li>• Reducing utilities (if possible) may only have limited impact on overall costs.</li> </ul>	(8)

**Mark scheme (award up to 8 marks)** refer to the guidance on the cover of this document for how to apply levels-based mark schemes\*.

<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
Level 0	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none"> <li>• Demonstrates isolated knowledge and understanding of relevant information; there may be major gaps or omissions.</li> <li>• Provides little evidence of application and links between relevant information. Analysis likely to consist of basic description of information.</li> <li>• Meaning may be conveyed but in a non-specialist way; response lacks clarity and fails to provide an adequate answer to the question.</li> </ul>
Level 2	4-6	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of relevant information with a few omissions.</li> <li>• Evidence of application demonstrating some linkages and interrelationships between factors leading to an analysis being presented.</li> <li>• Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language.</li> </ul>
Level 3	7-8	<ul style="list-style-type: none"> <li>• Demonstrates accurate and thorough knowledge and understanding of relevant information; any gaps or omissions are minor.</li> <li>• Evidences thorough application leading to a balanced analysis containing linkages and interrelationships between factors.</li> <li>• Logical reasoning evidenced throughout response which is clear and uses specialist technical language consistently.</li> </ul>

Question number	Indicative content	Mark
13	<p><b>Indicative content may include:</b></p> <ul style="list-style-type: none"> <li>• Sales have increased and are forecast to continue to increase by £289 920, which means the business is gaining more customers/sales so can increase market share.</li> <li>• Gross profit has increased and has a significant increase forecast for 2019 by £182 355, which means the sales of the notebooks will add to the gross profit of the business.</li> <li>• Expenses increased by £40 011 and are forecast to increase by £131 222 as a result of selling the notebooks. This will reduce the profit margin.</li> <li>• Profit for the year increased by £109 674 and is forecast to continue to increase by £51 133, which means that adding the notebooks is forecast to improve profitability.</li> <li>• Gross profit margin had a small increase but then is forecast to increase by 3%. This shows that the notebooks are forecast to help with an increase the overall gross profit margin.</li> <li>• Profit for the year ratio is forecast to fall significantly by 4%. This shows that the notebooks are forecast to add significantly to the running costs of the business.</li> <li>• Overall, the notebooks are forecast to increase sales revenue and profitability. However, it is a forecast and the figures may not be accurate.</li> </ul>	<b>(10)</b>

**Mark scheme (award up to 10 marks)** refer to the guidance on the cover of this document for how to apply levels-based mark schemes\*.

Level	Mark	Descriptor
Level 0	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none"> <li>• Demonstrates isolated knowledge and understanding of relevant information; there may be major gaps or omissions.</li> <li>• Provides little evidence of application and links between relevant information. Assessment likely to consist of basic description of information.</li> <li>• Judgements on significance may be presented, but are likely to be generic assertions rather than supported by evidence.</li> <li>• Meaning may be conveyed but in a non-specialist way; response lacks clarity and fails to provide an adequate answer to the question.</li> </ul>
Level 2	4-7	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of relevant information with a few omissions.</li> <li>• Evidence of application demonstrating some linkages and interrelationships between factors leading to a judgement/judgements being made.</li> <li>• Assessment is presented leading to judgements on significance but some may be lacking support.</li> <li>• Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language</li> </ul>

Level 3	8-10	<ul style="list-style-type: none"><li>• Demonstrates accurate and thorough knowledge and understanding of relevant information; any gaps or omissions are minor.</li><li>• Evidences thorough application containing linkages and interrelationships between factors leading to a judgement/judgements being made.</li><li>• Displays a well-developed and balanced assessment leading to rationalised judgements on significance.</li><li>• Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language.</li></ul>
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Question number	Indicative content	Mark
14	<p><b>Benefits of reducing the credit period</b></p> <ul style="list-style-type: none"> <li>• Less risk of bad debts</li> <li>• Improved cash flow as not waiting as long for customer payments</li> <li>• May save in bank charges and overdraft interest</li> <li>• May help avoid being late with any payments if funds are not available</li> </ul> <p><b>Drawbacks of reducing the credit period</b></p> <ul style="list-style-type: none"> <li>• May lose sales as the credit period might be a strong USP for her customers</li> </ul> <p><b>Benefits of using the overdraft</b></p> <ul style="list-style-type: none"> <li>• Only paying interest on the amount overdrawn</li> <li>• Flexibility of overdraft being used when needed</li> </ul> <p><b>Drawbacks of using bank overdraft</b></p> <ul style="list-style-type: none"> <li>• Agreed overdraft does not appear to be enough for her needs</li> <li>• Repayable on demand</li> <li>• Interest rates are quite high</li> <li>• Additional charges and interest reduce profit</li> <li>• Temptation to overspend</li> </ul>	<b>(12)</b>

**Mark scheme (award up to 12 marks)** refer to the guidance on the cover of this document for how to apply levels-based mark schemes\*.

<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
Level 0	0	No rewardable material.
Level 1	1-3	<ul style="list-style-type: none"> <li>• Demonstrates isolated knowledge and understanding of relevant information; there may be major gaps or omissions.</li> <li>• Provides little evidence of application and links between relevant information. Evaluation likely to consist of basic description of information.</li> <li>• Conclusions may be presented, but are likely to be generic assertions rather than supported by evidence.</li> <li>• Meaning may be conveyed but in a non-specialist way; response lacks clarity</li> </ul>
Level 2	4-6	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of relevant information with a few omissions.</li> <li>• Evidence of application demonstrating some linkages and interrelationships between factors leading to a judgement/judgements being made.</li> <li>• Evaluation is presented leading to conclusions but some may be lacking support.</li> <li>• Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language.</li> </ul>
Level 3	7-9	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of relevant information with a few minor omissions.</li> <li>• Evidence of application demonstrating linkages and interrelationships between factors leading to a supported judgement/judgements being made.</li> <li>• Displays a balanced evaluation demonstrating an awareness of competing arguments, leading to conclusions.</li> <li>• Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language.</li> </ul>
Level 4	10-12	<ul style="list-style-type: none"> <li>• Demonstrates accurate and thorough knowledge and understanding of relevant information; any gaps or omissions are minor.</li> <li>• Evidences thorough application leading to balanced evaluation drawing on linkages and interrelationships between factors.</li> <li>• Displays a well-developed, balanced and coherent evaluation, demonstrating a thorough grasp of competing arguments, leading to supported conclusions.</li> <li>• Logical reasoning evidenced throughout response which is clear and uses specialist technical language consistently and fluently.</li> </ul>



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