



Mark Scheme (Results)

June 2018

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 – sample marking grid

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## General marking guidance

- All learners must receive the same treatment. Examiners must mark the first learner in exactly the same way as they mark the last.
- Marking grids 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 marking grid, not according to their perception of where the grade boundaries may lie.
- All marks on the marking grid should be used appropriately.
- All the marks on the marking grid are designed to be awarded. Examiners should always award full marks if deserved. Examiners should also be prepared to award zero marks, if the learner's response is not rewardable according to the marking grid.
- Where judgement is required, a marking grid will provide the principles by which marks will be awarded.
- When examiners are in doubt regarding the application of the marking grid to a learner's response, a senior examiner should be consulted.

## Specific marking guidance

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The marking grids have been designed to assess learner work holistically. Rows in the grids identify the assessment focus/outcome being targeted. When using a marking grid, 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/outcome 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.

## BTEC Next Generation Mark Scheme Template

### Business L3 U3 1806

Question Number	Answer	Mark
1	<p>Award <b>one</b> mark for any of the following up to a maximum of <b>two</b> marks:</p> <ul style="list-style-type: none"><li>• Bank of England</li><li>• Banks</li><li>• Building societies</li><li>• Credit unions</li><li>• National Savings and Investments</li><li>• Insurance companies</li><li>• Pension companies</li><li>• Pawnbrokers</li><li>• Payday loan companies</li></ul> <p>Accept any other appropriate response.</p>	2

Question Number	Answer	Mark
2	<p>Award <b>one</b> mark for any of the following up to a maximum of <b>two</b> marks:</p> <ul style="list-style-type: none"><li>• Authorising which firms/individuals can enter the financial markets</li><li>• Setting standards for the industry</li><li>• Monitoring how firms/individuals work</li><li>• Close down/impose penalties on firms/individuals that do not meet the FCA standards</li><li>• Help resolve complaints from consumers</li><li>• Protect consumers against fraud</li><li>• Ensure (the market provides) fair deals</li></ul> <p>Accept any other appropriate response.</p>	2

	<b>Answer</b>	<b>Mark</b>
3a	<p>Award <b>one</b> mark for each advantage up to a maximum of <b>two</b> marks</p> <ul style="list-style-type: none"> <li>• can help you budget</li> <li>• can get discounts</li> <li>• immediate refunds are available for payment errors</li> <li>• the supplier cannot change the amount without notice</li> <li>• convenient/easy to set up/efficient payment method</li> <li>• transactions completed automatically</li> <li>• payments will be paid on time</li> <li>• avoids late payment fees</li> </ul> <p>Accept any other appropriate response.</p>	2

<b>Question Number</b>	<b>Answer</b>	<b>Mark</b>
3b	<p>Award <b>one</b> mark for each disadvantage up to a maximum of <b>two</b> marks</p> <ul style="list-style-type: none"> <li>• Could be more expensive</li> <li>• Could result in over payments</li> <li>• May forget payment is due to go out</li> <li>• Payee can change the payment amount/date</li> <li>• Errors can occur</li> <li>• Cancellation is required by the payer</li> </ul> <p>Accept any other appropriate response.</p>	2

Question Number	Answer	Mark
4	<p>Answers will be credited according to the learner’s demonstration of knowledge and understanding of the material, using the indicative content and levels descriptors below. The indicative content that follows is not prescriptive. Answers may cover some or all of the indicative content but learners should be rewarded for other relevant answers.</p> <p><b>Indicative content includes:</b></p> <p><b>Borrowing</b></p> <ul style="list-style-type: none"> <li>• Less likely to borrow but may need to do so: <ul style="list-style-type: none"> <li>○ to pay for expensive products</li> <li>○ Smaller income/ live on pension</li> <li>○ Support dependents</li> <li>○ Care home fees</li> </ul> </li> <li>• Willingness to release equity in property</li> <li>• Culture</li> <li>• Personal values</li> <li>• Financial knowledge limited</li> <li>• Assumption that they cannot access borrowing</li> </ul> <p><b>Saving</b></p> <ul style="list-style-type: none"> <li>• More likely to spend less</li> <li>• Likely to have savings</li> <li>• Less disposable income</li> <li>• May downsize to reduce expenditure/ create savings</li> <li>• Fewer dependents so lower outgoings</li> <li>• Desire to protect inheritance for dependents</li> </ul> <p>The competing arguments/pros and cons in context may be from:</p> <ul style="list-style-type: none"> <li>• Scale – income/assets/pension/dependents</li> <li>• Old versus young</li> </ul>	6

**Mark scheme (award up to 6 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	1–2	<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>
Level 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>
Level 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	Answer	Mark
5	<p>Answers will be credited according to the learner's demonstration of knowledge and understanding of the material, using the indicative content and levels descriptors below. The indicative content that follows is not prescriptive. Answers may cover some or all of the indicative content but learners should be rewarded for other relevant answers.</p> <p><b>Indicative content could include:</b></p> <p><b>Purpose of Financial Advisors</b></p> <ul style="list-style-type: none"> <li>• Recommend methods of effective saving, investment, borrowing, pension advice and tax planning</li> <li>• Recommend the best financial products to meet customer needs/goals</li> </ul> <p><b>Independent Financial Advisor advantages</b></p> <ul style="list-style-type: none"> <li>• Advice is offered by professionals and could be unbiased</li> <li>• Services are regulated by FCA and FOS</li> <li>• Takes the time to understand individual's situation leading to personalized planning</li> <li>• Saves the customer time by not having to search through all the products</li> <li>• Can explain all the terminology of different products</li> </ul> <p><b>Independent Financial Advisor disadvantages</b></p> <ul style="list-style-type: none"> <li>• Services will incur a charge</li> <li>• Advice may be biased</li> <li>• Advice may not always be up to date</li> <li>• Wrong advice could be given</li> </ul> <p>Comparisons may be made with other sources of financial advice e.g. Citizens Advice, debt counsellors or price comparison websites. This should be rewarded accordingly.</p>	10



**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\*.

<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. 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	Answer	Mark
6	<p>Answers will be credited according to the learner's demonstration of knowledge and understanding of the material, using the indicative content and levels descriptors below. The indicative content that follows is not prescriptive. Answers may cover some or all of the indicative content but learners should be rewarded for other relevant answers.</p> <p><b>Indicative content could include:</b></p> <p>Westshire Bank</p> <ul style="list-style-type: none"> <li>• Lowest annual cost</li> <li>• European family travel insurance</li> <li>• Lowest interest free overdraft limited to £100</li> <li>• Mobile phone cover limited to £1000 for account holder only</li> </ul> <p>Ashridge Bank</p> <ul style="list-style-type: none"> <li>• Worldwide family insurance</li> <li>• Interest free overdraft of £300</li> <li>• Mobile phone replacement for account holder only</li> <li>• Medium priced annual premium but limited package features</li> </ul> <p>Shirevale Bank</p> <ul style="list-style-type: none"> <li>• European family and winter sports travel insurance cover</li> <li>• Mobile phone cover for account holder and partner</li> <li>• High cost premium</li> <li>• Only £200 interest free overdraft</li> </ul> <p>The Royal Bank</p> <ul style="list-style-type: none"> <li>• Worldwide family and winter sports travel insurance</li> <li>• £2000 per family mobile phone cover</li> <li>• Only £250 interest free overdraft</li> <li>• Highest premium</li> </ul>	12

**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>

Question Number	Answer	Mark
7	<p>Award <b>one</b> mark for any of the following:</p> <ul style="list-style-type: none"> <li>• Record/track income/inflows</li> <li>• Record/track expenditure/outflows</li> <li>• ensure all payments are collected</li> <li>• ensure all bills are paid</li> <li>• ensure accounts are reported accurately</li> <li>• ensure compliance with the law</li> <li>• ensure correct taxes are paid</li> <li>• measure performance</li> <li>• predict future performance based on past data</li> </ul> <p>Accept any other appropriate response.</p>	1

Question Number	Answer	Mark
8	<p>Award <b>one</b> mark for any of the following up to a maximum of <b>two</b> marks:</p> <ul style="list-style-type: none"> <li>• stock</li> <li>• consumables/shampoo</li> <li>• utilities</li> <li>• wages</li> <li>• petrol/diesel</li> </ul> <p><b>DO NOT ACCEPT MORE THAN ONE UTILITY</b></p> <p><b>DO NOT ACCEPT RAW MATERIALS UNLESS QUANTIFIED WITH A RELEVANT EXAMPLE</b></p> <p>Accept any other appropriate response.</p>	2

Question Number	Answer	Mark
9a	<p>Award <b>two</b> marks for the correct response of 72.15%</p> <p>Accept:</p> <ul style="list-style-type: none"> <li>rounded down to 72% or up to 72.2%</li> <li>figure without percentage sign</li> </ul> <p><b>OR</b></p> <p>Award <b>one</b> mark for giving the correct calculation in either words or numbers:</p> <ul style="list-style-type: none"> <li>Gross Profit Margin = (Gross profit/sales) x 100</li> <li>Gross Profit Margin = (22 512/31 200) x 100</li> </ul>	2

Question Number	Answer	Mark
9b	<p>Award <b>two</b> marks for the correct response of</p> <ul style="list-style-type: none"> <li>0.91:1</li> <li>0.91</li> <li>0.9:1</li> <li>0.9</li> </ul> <p>Accept any of the above conventions where the figure is given to a more accurate decimal place (eg 0.91003:1)</p> <p><b>OR</b></p> <p>Award <b>one</b> mark for the correct formula in words or numbers:</p> <ul style="list-style-type: none"> <li>Liquid capital ratio = (Current assets – inventory) / current liabilities</li> <li>Liquid capital ratio = (7 796 – 2 496) / 5 824</li> </ul>	2

Question Number	Answer	Mark
9c (i)	<p>Award <b>two</b> marks for the correct response of 7 225</p> <p><b>OR</b></p> <p>Award <b>one</b> mark for any <b>one</b> of the correct formula in words or numbers:</p> <ul style="list-style-type: none"> <li>• <math>\text{NBV} = \text{Current value of equipment} - (\text{Current value of equipment} \times \text{rate of depreciation} (\%))</math></li> <li>• <math>8\,500 - (8\,500 \times 15\%)</math></li> <li>• <math>8\,500 - 1275</math></li> <li>• <math>8\,500 \times 85\%</math></li> <li>• <math>8\,500 \times 0.85</math></li> </ul>	2

Question Number	Answer	Mark
9c (ii)	<p>Award <b>three</b> marks for the correct response of £372 accept 372</p> <p><b>OR</b></p> <p><math>\pounds 6\,996 - \pounds 6\,624</math> (<b>2</b>) accept <math>6\,996 - 6\,624</math></p> <p><b>OR</b></p> <p>Award <b>one</b> mark for the correct formula in words or numbers:</p> <ul style="list-style-type: none"> <li>• <math>\text{Current Assets} - \text{Current Liabilities}</math></li> <li>• <math>(7\,796 - 800) - (5\,824 + 800)</math></li> </ul> <p><b>AND</b></p> <p>Award a maximum of <b>one</b> mark for the correct calculation of <b>either</b> current assets, 6 996 and current liabilities, 6 624</p>	3

Question Number	Answer	Mark
9c (iii)	<p>Award <b>two</b> marks for the correct response of £13 697 (accept 13 697)</p> <p><b>OR</b></p> <p><b>Option 1</b></p> <p>Award <b>one</b> mark for the correct formula in words or numbers:</p> <ul style="list-style-type: none"> <li>• New Net assets = (old net assets – depreciation – (2 x change in bank figure))</li> <li>• New Net assets =</li> <li>• (16 572 – 1 275 – (2 x 800))</li> <li>• New Net Assets = 16 572 – 1 275 – 1 600</li> </ul> <p><b>OR</b></p> <p><b>Option 2</b></p> <p>Award <b>one</b> mark for the correct formula in words or numbers:</p> <ul style="list-style-type: none"> <li>• New Net Assets = (Original NBV of non-current assets - additional depreciation) + (current assets - bank error) - (current liabilities + bank error) - non-current liabilities = revised net assets</li> <li>• New Net Assets = (16 600 – 1 275) + (7 796 - 800) - (5 824 + 800) - 2 000 = 13 697</li> <li>• 15 325 + 6 996 – 6 624 – 2 000 = 13 697 (i.e. the above simplified)</li> </ul> <p><b>OR</b></p> <p><b>Option 3</b></p> <p>Award <b>one</b> mark for the correct formula in words or numbers:</p> <ul style="list-style-type: none"> <li>• (Original NBV of non-current assets - additional depreciation) + (new net current assets) - non-current liabilities = revised net assets</li> <li>• (16 600 – 1 275) + 372 – 2 000</li> </ul>	2

**OR**

**Option 4**

Award **one** mark for the correct formula in words or numbers:

- Revised NCA + revised net current assets - non current liabilities = revised net assets
- $15\,325 + 372 - 2\,000$

**OR**

**Option 5**

Award **one** mark for the correct formula in words or numbers:

- Total assets - total liabilities
- $(4\,500 + 3\,600 + 7\,225 + 2\,496 + 2\,100 + 2\,200 + 200) - (6\,624 + 2\,000)$



Question	Answer	Mark
9d	<p>Award <b>two</b> marks for the correct response of £2 357 (accept 2 357)</p> <p><b>OR</b></p> <p>Award <b>one</b> mark for the correct formula in words or numbers:</p> <ul style="list-style-type: none"> <li>• New Net Profit = Original net profit – (equipment value x 15% depreciation) – accrued utilities payment</li> <li>• New Net Profit = 4 912 – (8500 x 15%) – 1 280</li> </ul> <p>New Net Profit = 4 912 – 1 275 – 1 280</p>	2

Question Number	Answer	Mark
10a	Award <b>one</b> mark for each box correctly completed	8

	January	February	March	April
	£	£	£	£
<b>Income</b>				
Sales	2 900	950	3 650	2 940
Other income		(iii) 200 (1)		
<b>(i) Total Income OR Total Revenue OR Total Inflow (1)</b>	2 900	1 150	3 650	2 940
<b>Expenses</b>				
Stock	1 102	1 102	815	(vi) 1 127 (1)
Marketing	80	520	80	80
Utilities	1 280			1 280
Other	1 020	840	1 200	1 450
<b>Total expenditure</b>	3 482	(iv) 2 462 (1)	2 095	3 937
<b>Net cash flow</b>	-582	(v) -1 312 (1) OFRa	1 555	(vii) -997(1)
<b>Opening balance</b>	(ii) 2 140 (1)	1 558	246	1 801
<b>Closing balance</b>	1 558	246	1 801	(viii) 804 (1) OFRb

OFRa = Own Figure Rule applied (error carried forward) from incorrect calculation of Total Expenditure for February

OFRb = Own Figure Rule applied (error carried forward) from incorrect calculation of Net Cash Flow for April

Question Number	Answer	Mark
10b	<p>Award <b>four</b> marks for the correct response of 940</p> <p>If the incorrect answer is provided then credit workings out as follows:</p> <p>Award <b>one</b> mark for correct formula in words</p> <ul style="list-style-type: none"> <li>• Break even = fixed costs / Contribution per unit</li> <li>• Break even = fixed costs/(selling price per unit – variable cost per unit)</li> <li>• Break even = fixed costs/(selling price – variable cost)</li> <li>• BE = FC/(SP-VC)</li> </ul> <p><b>AND</b></p> <p>Award <b>one</b> mark for correctly calculating selling price per unit</p> <ul style="list-style-type: none"> <li>• Selling price per unit = total revenue / number of customers</li> <li>• Selling price : 17 460 / 970 = £18</li> </ul> <p><b>AND</b></p> <p>Award <b>one</b> mark for correctly calculating variable cost per unit</p> <ul style="list-style-type: none"> <li>• Variable cost per unit = total variable costs / number of customers</li> <li>• Variable cost per unit : 11 640 / 970 = £12</li> </ul> <p><b>OR</b></p> <p>Award <b>three</b> marks for formula in numbers:</p> <ul style="list-style-type: none"> <li>• Break even = 5640 / (18-12)</li> <li>• Break even = 5640 / 6</li> <li>• Break even = 5640 / ((17 460 / 970) – (11 640 / 970))</li> </ul>	4

Question Number	Answer	Mark
11	<p>Answers will be credited according to the learner's demonstration of knowledge and understanding of the material, using the indicative content and levels descriptors below. The indicative content that follows is not prescriptive. Answers may cover some or all of the indicative content but learners should be rewarded for other relevant answers.</p> <p><b>Indicative content could include:</b></p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• He will know how many customers he needs to have/items he needs to sell to break even</li> <li>• It can inform decisions about what price to charge</li> <li>• He can use it to set targets for the business and for any staff he may have</li> <li>• It allows him to identify his fixed and variable costs</li> <li>• He can identify if costs are too high and take action to lower them</li> <li>• It is a simple way of calculating profit and loss at different levels of output</li> <li>• It allows for 'what if' scenarios</li> <li>• Identifies margin of safety so he knows how many units sales can fall by without making a loss</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Break-even theory only applies to one product</li> <li>• Assumes all products made/bought can be sold</li> <li>• Assumes that all products are bought/sold at the same price</li> <li>• Assumes that fixed costs will stay fixed regardless of output, which may not be the case</li> <li>• Assumes that variable cost per unit stays the same</li> <li>• It is only a prediction</li> </ul>	6

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Level 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	Answer	Mark
12	<p>Answers will be credited according to the learner's demonstration of knowledge and understanding of the material, using the indicative content and levels descriptors below. The indicative content that follows is not prescriptive. Answers may cover some or all of the indicative content but learners should be rewarded for other relevant answers.</p> <p><b>Indicative content could include:</b></p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• May be a tax efficient way of purchasing the vehicle</li> <li>• Lease costs may be lower in the short run – no upfront costs</li> <li>• Could include a service/repair plan in the cost of the lease</li> <li>• The vehicle can be changed on a regular basis by taking out a new lease</li> <li>• Sometimes an option to purchase at the end of the lease</li> <li>• Spreads the costs/ helps to budget</li> <li>• Usually new vehicle</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• He can't modify the vehicle to suit his needs/ his needs may change</li> <li>• He will never own the vehicle during the term of the lease</li> <li>• Service/repair costs may not be included</li> <li>• Locked into an agreement</li> <li>• Loss of vehicle if fail to make the payments</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	Answer	Mark
13	<p>Answers will be credited according to the learner's demonstration of knowledge and understanding of the material, using the indicative content and levels descriptors below. The indicative content that follows is not prescriptive. Answers may cover some or all of the indicative content but learners should be rewarded for other relevant answers.</p> <p><b>Indicative content could include:</b></p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• protecting inflows by locking customers into an agreement</li> <li>• It will bring in regular amounts of money therefore evening out cashflow</li> <li>• Could bring in new customers and so increase inflow</li> <li>• Have enough regular inflows to cover regular payments/outflows so will reduce potential overdraft and reduce bank charges</li> <li>• Helps budget to give a positive net cashflow / arrange overdrafts</li> <li>• Inflows are spread over 12 months whilst costs occur at point of treatment and so may impact positively on predicted cashflows</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Could lose customers and so decrease inflow</li> <li>• Potentially discourages additional/impulse spending and so reduce potential inflows</li> <li>• Using last year's data doesn't account for inflation/increases in consumables costs so payment plan may not cover increased outflow</li> <li>• The business may have to absorb increased costs that will have a negative impact on cashflow.</li> <li>• Customers may cancel payments without advising Tomasz, reducing cash flow</li> <li>• Inflows are spread over 12 months whilst costs occur at point of treatment and so may impact negatively on predicted cashflows</li> </ul>	10



**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\*.

<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. 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	Answer	Mark
14	<p>Answers will be credited according to the learner's demonstration of knowledge and understanding of the material, using the indicative content and levels descriptors below. The indicative content that follows is not prescriptive. Answers may cover some or all of the indicative content but learners should be rewarded for other relevant answers.</p> <p><b>Indicative content could include:</b></p> <p><b>Option 1 Advantages</b></p> <ul style="list-style-type: none"> <li>• Income from rent would be £7 200 plus 14% of takings, giving increased revenue</li> <li>• Rent for 6 months is guaranteed (£3 600)</li> <li>• Increase flexibility</li> <li>• No risk involved</li> </ul> <p><b>Option 1 Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Increased overhead costs of £1 715</li> <li>• Increased depreciation of fixtures and fittings £1 371</li> <li>• Might not get increase in sales that are forecast</li> <li>• No additional fee payable if other groomer is not working</li> <li>• Contract only for 6 months, may not be renewed by either party so profit would be lower than forecast</li> <li>• Other groomer could poach customers reducing Tomasz's revenue</li> </ul> <p>Potential profit increase with a reduction in non-current assets of £1 371. But only 6 months' rent, £3 600, is guaranteed.</p>	12

### **Option 2 Advantages**

- Profit is £3 500 on his initial stock and all subsequent stock purchased
- Inventory turnover is 4 so profit will be  $4 \times £3\,500 = £14\,000$  on stock

### **Option 2 Disadvantages**

- Initial outlay for stock of £3 500 will affect his cash flow
- Initial cost of display equipment will affect cash flow
- He may need to borrow to cover the initial outlay, which will reduce his profit and affect cash flow
- Inventory turnover may not be correct and accessories/food may not sell as quickly as he expects, which would impact on his forecast profit
- Storage space for goods and display space needed, which has an impact on cost and working area available

Potential increase in revenue of £28 000 less costs of £14 000 for stock and £2 000 display equipment and £857.50 increase in overhead costs gives potential increase in profit of £11 142.50

Option 2 offers the best potential profit but has a large outlay that Tomasz may not be able to afford without undertaking borrowing. Option 1 offers less risk in the first 6 months only but sales may still not reach forecast.

**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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