



Mark Scheme (Results)

June 2019

BTEC Level 3 National in Business /
Enterprise and Entrepreneurship
Unit 7/6: Business Decision
Making (31589H)



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31589H: Business Decision Making – mark grid – June 2019

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.
- Mark 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 mark grid, not according to their perception of where the grade boundaries may lie.
- All marks on the mark grid should be used appropriately.
- All the marks on the mark 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 mark grid.
- Where judgement is required, a mark grid will provide the principles by which marks will be awarded.
- When examiners are in doubt regarding the application of the mark grid to a learner's response, a senior examiner should be consulted.

Specific marking guidance

The mark grids have been designed to assess learners' work holistically.

Rows in the grids identify the assessment focus/outcome being targeted. When using a mark grid, the 'best fit' approach should be used.

- Examiners should first make a holistic judgement on which band most closely matches the learner 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.

Mark grid – Activity 1

AF1

- 6% rise in ice cream and dessert sales with £2.67b sales is favourable
- 2.8% and 3.6% growth to £1.14b just for ice cream so this growing at slower pace so less favourable, but continued growth to £1.3b by 2022 (£0.16bn growth or 14%).
- Ageing population eat less ice cream and deserts, but data on number of 5-34 year olds is favourable as these do eat ice cream.
- Market is very competitive with 34% being own brand sales which is favourable, as is the growth in SME independents and ice cream parlours, all of which would suggest a pop-up store is the way forward. Could use the trend in new flavours, and the trend in organic and healthy eating to build a usp for this venture.
- Poor UK weather and fall in number of mobile ice cream vans is unfavourable trend for the mobile option.
- Sugar tax to prevent obesity could impact on revenues and profits of any of the two options.
- Start up costs for each option
- Location/footfall information for option 2 i.e. 2 ½ hour stay, £120 average spend, 30M footfall, 3.5 M catchment

Assessment focus	Band 0	Band 1	Band 2	Band 3	Band 4
Information/ data selection and interpretation	0	1–2	3–5	6–7	8
	No rewardable material.	<ul style="list-style-type: none"> • References will be made to the case study, but it will lack detail and relevance to the context. • Demonstrates limited selection of appropriate evidence. 	<ul style="list-style-type: none"> • Reference will be made to the case study, but in places will lack direct relevance to the context. • Demonstrates selection of appropriate evidence to support some of the points made. 	<ul style="list-style-type: none"> • References will be made to the case study, which are relevant to the context. • Demonstrates selection of appropriate evidence to support most of the points made. 	<ul style="list-style-type: none"> • Sustained references will be made to the case study, which are entirely relevant to the context. • Demonstrates selection of appropriate evidence to support each point made.

AF2 Resources Human, Physical (include location), Financial and Time

Option 1

- Start-up costs = £48000
- Will need further investment of £18000 as loan as owner’s capital is £30,000
- License required
- Location issues – moving van to busy area
- Maintenance issues
- Staff?

Option 2

- Startup costs £55000
- Will need further investment of £25000 as loan or otherwise as owner’s capital is £30,000.
- Equipment and decorating maintenance
- Staffing

Assessment focus	Band 0	Band 1	Band 2	Band 3	Band 4
Implications for resources based on decisions made	0	1–2	3–5	6–7	8
	No rewardable material.	<ul style="list-style-type: none"> • Demonstrates limited understanding of resource implications. • Implications referred to are generic, lacking application to context. 	<ul style="list-style-type: none"> • Demonstrates understanding of resource implications. • Implications referred to are with some application to context. 	<ul style="list-style-type: none"> • Demonstrates understanding of a range of resource implications. • Range of implications referred to are applied to context. 	<ul style="list-style-type: none"> • Demonstrates detailed understanding of a wide range of resource implications. • Range of implications referred to are applied to context.

AF3 Finance

- Allow Error carried forward in calculations.
- Concepts examined are GP/GP%, NP/NP%, ROCE, Break even & Margin of safety.
- Discussion can take place of revenue differences, differences in investment appraisal results etc

<p>Option 1</p> <ul style="list-style-type: none"> • Revenue £82500 - $\text{£}1.50 \times 550000$ • GP £66000 (80%) because the COS = 20% (given) • NP £24750 (30%) because the expenses are 50% of revenue (given) • NPV (3 years) £16500 (given) • Payback 1.8 years (given) • ROCE 51.6% • BEP 34,375 units • MOS 20,625 units 	<p>Option 2</p> <ul style="list-style-type: none"> • Revenue £490000 = $\text{£}3.50 \times 140,000$ • GP £416500 (85%) because COS is 15% of revenue (given) • NP £66640 (13.6%) because expenses are 71.4% of revenue (given) • NPV (1 year) £27700 (given) • Payback 0.8 years (given) • ROCE 121.2% • BEP 117600 units • MOS 22400 units
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Assessment focus	Band 0	Band 1	Band 2	Band 3	Band 4
Financial forecasting	0	1-2	3-5	6-7	8
	No rewardable material.	<ul style="list-style-type: none"> • Forecasts will be presented that demonstrate a limited interpretation of financial concepts and principles. • References will be made to finance, but it will lack detail and application to the context. 	<ul style="list-style-type: none"> • Forecasts will be presented that demonstrate interpretation of financial concepts and principles. • References to financial forecasts are applied to the context, but may lack detail and accuracy in places. 	<ul style="list-style-type: none"> • Forecasts will be presented that demonstrate interpretations of a range of financial concepts and principles. • Financial forecasts are applied to the context, detailed and accurate. 	<ul style="list-style-type: none"> • Forecasts will be presented that demonstrate interpretations of a range of financial concepts and principles. Shows a thorough, coherent approach to financial requirements. • Financial forecasts are applied to the context, detailed and accurate.

AF4 Factors and risks

Factors

- Start-up costs/loan required
- Running costs
- Revenues
- Profits
- Investment returns
- Break even
- Threat from supermarket and other brands
- Location of option 2 – will footfall be achieved?
- Spend per customer for option 2 twice that of option 1
- NP for option 2 is 2.5 times option 1 but NP% is 16.4% lower
- Higher returns and quicker payback on option 2

Risks

- Trend in the reduction in number of mobile vans a risk for option 1
- May be excluded from most profitable locations
- Higher risk with option 2
 - High revenues and start-up costs required for option 2
 - High rents for option 2
 - Higher BE point for option 2
 - Expenses £349, 860 against £41,250

Alternatives

- Lease/hire purchase of van (option 1) lowers start-up requirements

Assessment focus	Band 0	Band 1	Band 2	Band 3	Band 4
Key factors, risks and alternative approaches	0	1–5	6–9	10–13	14–16
	No rewardable material.	<ul style="list-style-type: none"> • Learners provide some: <ul style="list-style-type: none"> ○ key factors, ○ risks and ○ alternative approaches but there is little development/ explanation relevant to context. 	<ul style="list-style-type: none"> • Learners provide some: <ul style="list-style-type: none"> ○ key factors, ○ risks and ○ alternative approaches with development/ explanation relevant to context and business goals. 	<ul style="list-style-type: none"> • Learners rationalise: <ul style="list-style-type: none"> ○ key factors, ○ risks and ○ alternative approaches with clear linkage to context and business goals. 	<ul style="list-style-type: none"> • Learners provide comprehensive coverage of rationalised: <ul style="list-style-type: none"> ○ key factors, ○ risks and ○ alternative approaches in context and linked to business goals.

AF5 Decision

- Analysis and decisions using tools such as PEST/SWOT/Porter/5C using the data/factors/risks above
- Note: Work for AF4/AF5 will most likely be assessed together

Assessment focus	Band 0	Band 1	Band 2	Band 3	Band 4
Supported decision making	0	1–2	3–5	6–7	8
	No rewardable material	<ul style="list-style-type: none"> • Decisions are provided but are simplistic and/or generic. 	<ul style="list-style-type: none"> • Decisions are provided that draws together evidence, and are partially justified. 	<ul style="list-style-type: none"> • Convincing decisions are provided that draws together evidence, and are justified. 	<ul style="list-style-type: none"> • Convincing decisions are provided that fully and logically draw together evidence, and are fully justified.

AF6 Presentation/Structure

- Look for layout, clarity, and logical structure
- Look for use of financial concepts and competition and trends to support decisions
- Business management terminology such as ownership, financial appraisal or decision-making tools.

Assessment focus	Band 0	Band 1	Band 2	Band 3	Band 4
Presentation and Structure	0	1	2	3	4
	No rewardable material	<ul style="list-style-type: none"> • The report lacks structure, with isolated references to business management principles and/or concepts. • Contains many communication errors. • Uses generic business management terminology of limited relevance. 	<ul style="list-style-type: none"> • The report has a basic structure and attempts to apply relevant business management principles and/or concepts. • Contains occasional communication errors. • Contains references to appropriate business management terminology. 	<ul style="list-style-type: none"> • The report has a logical structure and applies a variety of relevant business management principles and/or concepts. • Contains few communication errors. • Uses relevant business management terminology. 	<ul style="list-style-type: none"> • The response is well written and has a logical structure. Applies a variety of relevant business management principles and concepts. • Contains no communication errors. • Appropriate business management terminology is used throughout.

Mark grid –Activity 2

AF7 Presentation overview

- Look for brief overview of situation – may use data from AF1, or factors/risks from AF4

Assessment focus	Band 0	Band 1	Band 2	Band 3	Band 4
Business proposal overview	0	1	2	3-4	5-6
	No rewardable material.	<ul style="list-style-type: none"> • Presentation slides and speaker notes provide a limited summary of the business proposal. • Demonstrates limited selection of appropriate evidence from business plan and/or report, which might support isolated summary points. • Overview might not present decision reached. 	<ul style="list-style-type: none"> • Presentation slides and speaker notes provide a coherent summary of the business proposal. • Demonstrates selection of appropriate evidence from business plan and report to support some of the summary points made. • Overview sets out proposal, leading to a decision. 	<ul style="list-style-type: none"> • Presentation slides and speaker notes provide a detailed, coherent and convincing summary of the business proposal. • Demonstrates selection of appropriate evidence from business plan and report to support most of the points made. • Overview sets out clear and rationalised decisions. 	<ul style="list-style-type: none"> • Presentation slides and speaker notes provide a detailed, coherent, convincing and articulate summary of the business proposal. • Demonstrates selection of appropriate evidence from business plan and report, to support each point made. • Overview sets out clear, concise and rationalised decisions.

AF8 Financials and factors

- Look for justification of choice of venture based on range of factors/financials taken from AF1, AF3 & AF4
- Should not change the decision at this stage but may consider alternative proposals for the future
- For the award of 4 marks or higher, there should be justification based on financial calculations and other key factors.

Assessment focus	Band 0	Band 1	Band 2	Band 3	Band 4
Reference to: costs/ finance key factors/ risks	0	1	2	3-4	5-6
	No rewardable material.	<ul style="list-style-type: none"> • Presentation slides and speaker notes demonstrate an ability to create a basic pitch for investors, but with little consideration of the importance of including financial or other details involved in setting up/developing the business. 	<ul style="list-style-type: none"> • Presentation slides and speaker notes demonstrate the ability to create a pitch for investors, with reference to the relevant details and factors involved in setting up/developing the business. 	<ul style="list-style-type: none"> • Presentation slides and speaker notes demonstrate the ability to create a pitch for investors, which shows sustained references to relevant details and factors involved in setting up/developing the business. 	<ul style="list-style-type: none"> • Presentation slides and speaker notes demonstrate the ability to create a pitch for investors, which shows sustained and considered references to relevant details and factors involved in setting up/developing the business.

AF9 Presentation structure

- Key point is would it engage or convince investors? See last bullet in table below
- Professional layout with uncluttered slides and effective speakers notes

Assessment focus	Band 0	Band 1	Band 2	Band 3	Band 4
Presentation design and structure	0 No rewardable material.	1 <ul style="list-style-type: none"> • Presentation slides lack structure. • Slide design and speaker notes lack professionalism and coherence. • Slides and speaker notes contain many communication errors. • Slides and speaker notes would struggle to engage potential investors. 	2 <ul style="list-style-type: none"> • Presentation slides have a basic structure. • Slide design and speaker notes are coherent and show a basic level of professionalism. • Slides and speaker notes contain occasional communication errors. • Slides and speaker notes would be likely to engage potential investors. 	3–4 <ul style="list-style-type: none"> • Presentation slides have a coherent structure. • Slide design and speaker notes are coherent and show a high level of professionalism. • Slides and speaker notes contain few communication errors. • Slides and speaker notes would engage and be likely to convince potential investors. 	5–6 <ul style="list-style-type: none"> • Presentation slides are coherent and give a clear message. • Slide design and speaker notes are coherent, considered and show a high level of professionalism. • Slides and speaker notes contain no communication errors. • Slides and speaker notes would engage and convince potential investors.

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