



Mark Scheme (Results)

January 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 – sample mark scheme

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 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.
- The acronym 'ECF' (Error Carried Forward) indicates where marks should be awarded for the consistent application of an incorrect figure that was calculated by the learner in an earlier question or part of the question.

Specific marking guidance for levels-based mark schemes

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 1 mark for each type of payment card stated up to a maximum of 2 marks:</p> <ul style="list-style-type: none"> • Debit card (1) • Credit card (1) • Pre-paid card (1) • Store card (1) • Charge card (1) • Reward cards / Points cards (1) eg Boots , Nectar • Contactless cards (1) <p>Accept any other appropriate answer.</p>	(2)

Question number	Answer	Mark
2	<p>Award 1 mark for each disadvantage of a Premium Bond stated, up to a maximum of 2 marks:</p> <ul style="list-style-type: none"> • Minimum purchase amount is £100 / Minimum purchase is £50 if paid by standing order (1) • Little chance of winning the top prizes (1) • Maximum amount reviewed annually (1) • Have to be over 16 to buy them (1) • No guaranteed return (1) • No interest earned (1) • Loses real value due to inflation / loses value due to inflation (1) • Total amount limited to £50,000 / Maximum amount limited to £50,000 <p>Accept any other appropriate answer.</p>	(2)

Question number	Answer	Mark
3	<p>Award 1 mark for identification of a feature of a credit union and 1 mark for an appropriate development of feature.</p> <ul style="list-style-type: none"> • Credit union is protected by FSCS (1) which means savers will not lose money up to £85 000 (1) • Members have a common interest (1) so decisions made should benefit all members (1) • Credit unions usually offer lower interest rates to borrowers (1) so can offer better deals to customers (1) • as they do not have shareholders to pay dividends to (1). • Offers a range of financial products/services (1) which means customers do not have to use other financial providers (1) • Credit unions are able to help people in specific communities (1) because they are locally based (1) • They do not have shareholders to pay dividends to (1) because they are non-profit making organisations (1). • They are cooperatives (1) because they are controlled by members (1) <p>Accept any other appropriate answer.</p>	(4)

Question number	Indicative content		Mark
4	<p>Points candidates may use are:</p> <p>Advantages</p> <ul style="list-style-type: none"> • Debt counsellors can inform debt collectors on the client’s behalf, which can give up to 30 days breathing space • Advice is given by professionals • Advice given to help manage current debts • Advice given on how to avoid getting into future debt • Advice is independent so is, therefore, unbiased • Regulated by FCA and FOS, which set standards • Debt counsellors can create a debt management plan • Can be a free service • Can be more personal with a named person (either face to face, via telephone or online) • Can help support with managing psychological/mental health related to being in debt <p>Disadvantages</p> <ul style="list-style-type: none"> • The repayment plans will take longer to repay than the debts – up to seven years • Debt counselling is not free – debt counsellors receive a monthly fee • You cannot get credit while you are undertaking debt counselling • All debt counselling agreements end up in court to get a consent order • You still have to demonstrate to the court that you are making changes to manage your money • Creditors may still not agree to your proposals • Could lose time at work, and therefore, further earnings. <p>Accept any other appropriate answer.</p>		(6)
Level	Mark	Award up to 6 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"> • Demonstrates knowledge and understanding of relevant information; there may be major gaps or omissions. • Provides little evidence of weighing up of competing arguments/pros and cons in context; discussion likely to consist of basic description of information. • Meaning may be conveyed but in a non-specialist way; response lacks clarity and fails to provide an adequate answer to the question. 	
2	3-4	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of relevant information with a few gaps or omissions. • Discussion is partially developed, but will be imbalanced. Evidences the weighing up of competing arguments/pros and cons in context. • Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language. 	

3	5-6	<ul style="list-style-type: none">• Demonstrates accurate and thorough knowledge and understanding of relevant information; any gaps or omissions are minor.• Displays a well-developed and balanced discussion, demonstrating a thorough grasp of competing arguments/pros and cons in context.• Logical reasoning evidenced throughout response which is clear and uses specialist technical language consistently.
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Question number	Indicative Content	Mark
5	<p>Potential factors that learners may consider in their response:</p> <p>Learners may discuss the significance of the relative advantages and disadvantages of using a debit card as a method of payment in the context of the question.</p> <p>Advantages of using debit cards</p> <ul style="list-style-type: none"> • Can be a convenient and quick method of payment • Can be a secure method of payment with lower risk of theft than some other types of payment • Widely accepted • Can offer some protection on purchases • Suitable for online transactions • Customer knows how much they are spending on each transaction and so can control their expenditure from their account • Debit cards can be cancelled if lost • You cannot spend money that you have not got available in the account <p>Disadvantages of using debit cards</p> <ul style="list-style-type: none"> • Short time period between transaction and money leaving account • May not be accepted for small transactions or by some • Some retailers have a minimum spend or charge for small amounts • May lose track and spend more than you wanted to unless you check your account balance regularly • May lose track of payment deadlines and could forget which could lead to other problems such as debt or impacting on credit rating • May be more expensive than other methods (such as direct debit) which often offer a discount • May waste time for regular bills such as utilities which could be done automatically so no logging on or contacting the provider to pay • If the card is contactless could be stolen and used • Other methods of payments may offer other benefits that debit cards do not 	(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*.

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

Question number	Indicative content		Mark
6	<p>Considerations of cost vs benefits offered</p> <p>Annual Premium</p> <ul style="list-style-type: none"> • Royal Insurance is most expensive • Ashridge Insurance is cheapest <p>Compulsory Excess</p> <ul style="list-style-type: none"> • Ashridge has lowest excess • Westshire has highest excess • Learners could consider impact of multiple claims <p>Legal Assistance</p> <ul style="list-style-type: none"> • Learners might consider the benefit of legal assistance given that Mike is a qualified lawyer <p>Replacement Keys</p> <ul style="list-style-type: none"> • Consideration of the number of key holders which increases likelihood of a lost key • If replacement locks and keys are needed, cost saving will be greater if they are covered <p>Alternative accommodation</p> <ul style="list-style-type: none"> • If alternative accommodation is needed, the cost of alternative accommodation could be expensive and so greater benefit to have this included. 		(12)
Level	Mark	Award up to 12 marks. Refer to the guidance on the cover of this document for how to apply levels-based mark schemes	
	0	No rewardable material.	
1	1–3	<ul style="list-style-type: none"> • Demonstrates isolated knowledge and understanding of relevant information; there may be major gaps or omissions. • Provides little evidence of application and links between relevant information. Evaluation likely to consist of basic description of information. • Conclusions may be presented, but are likely to be generic assertions rather than supported by evidence. • Meaning may be conveyed but in a non-specialist way; response lacks clarity and fails to provide an adequate answer to the question. 	
2	4–6	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of relevant information with a few omissions. • Evidence of application demonstrating some linkages and interrelationships between factors leading to a judgement/judgements being made. • Evaluation is presented leading to conclusions but some may be lacking support. • Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language. 	

3	7–9	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of relevant information with a few minor omissions. • Evidence of application demonstrating linkages and interrelationships between factors leading to a supported judgement/judgements being made. • Displays a balanced evaluation demonstrating an awareness of competing arguments, leading to conclusions. • Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language.
4	10–12	<ul style="list-style-type: none"> • Demonstrates accurate and thorough knowledge and understanding of relevant information; any gaps or omissions are minor. • Evidences thorough application leading to balanced evaluation drawing on linkages and interrelationships between factors. • Displays a well-developed, balanced and coherent evaluation, demonstrating a thorough grasp of competing arguments, leading to supported conclusions. • Logical reasoning evidenced throughout response which is clear and uses specialist technical language consistently and fluently.

Section B Business Finance

Question number	Answer	Mark
7	<p>Award 1 mark for each source identified, up to a maximum of 2 marks:</p> <ul style="list-style-type: none"> • Cash sales • Credit sales • Sales* • Rent received • Commission received • Interest received • Discount received <p>* NB If a mark is given for either of 'cash sales' or 'credit sales' do NOT reward 'sales'.</p>	(2)

Question number	Answer	Mark
8	<p>Award 1 mark for each type identified up to a maximum of 2 marks:</p> <ul style="list-style-type: none"> • Goodwill/customer loyalty • Patents • Copyrights • Intellectual property • Trademarks • Brand name • Logo • Reputation • Business/company name <p>Accept any other reasonable answer.</p>	(2)

Question number	Answer	Mark
9(a)(i)	<p>Award 3 marks for correct answer of:</p> <ul style="list-style-type: none"> • 6 days • 6.1 days • 6.09 days • 6 • 6.1 • 6.09 <p>Accept response that is given to more accurate decimal places. Accept correct answer anywhere in workings box.</p> <p>OR</p> <p>Award up to 1 mark for formula in words or numbers:</p> <ul style="list-style-type: none"> • Inventory turnover = Average inventory/cost of sales x 365 days • Inventory turnover = (opening inventory + closing inventory/2)/cost of sales x 365 days • Inventory turnover = ((1 160 + 162)/2) / 39 586 x 365 <p>AND</p> <p>Award a further 1 mark for the correct calculation of average inventory:</p> <ul style="list-style-type: none"> • 661 <p>AND</p> <p>Award a further 1 mark for using an incorrect average inventory figure (ECF) to calculate inventory turnover</p> <p>OR</p> <p>Award 2 marks for giving the correct formula in numbers that included the calculation of average inventory without showing the working:</p> <ul style="list-style-type: none"> • 661 / 39 586 x 365 	(3)

Question number	Answer	Mark
9 (a)(ii)	<p>Award 3 marks for correct response of:</p> <ul style="list-style-type: none"> • 0.9:1 • 0.85:1 • 0.854:1 • 0.9 • 0.85 • 0.854 <p>Accept response that is given to more accurate decimal places. Accept correct answer anywhere in workings box.</p> <p>OR</p> <p>Award 1 mark for formula in words or numbers:</p> <ul style="list-style-type: none"> • Current ratio = current assets / current liabilities • Current ratio = (162 + 790 + 6 847) / 9 136 <p>AND</p> <p>Award 1 mark for the correct calculation of current assets:</p> <ul style="list-style-type: none"> • 7 799 <p>AND</p> <p>Award 1 ECF mark for using an incorrectly calculated current assets figure to calculate the current ratio Only award the ECF mark if:</p> <ul style="list-style-type: none"> • The current liabilities figure is 9 136 AND • The current assets figure is either 952, 7 009 or 7 637 <p>OR</p> <p>Award 2 marks for giving the formula in numbers that included the calculation of current assets without showing the working</p> <ul style="list-style-type: none"> • Current ratio = 7 799 / 9 136 	(3)

Question number	Answer	Mark
9 (a)(iii)	<p>Award 2 marks for the correct response of 6%</p> <p>Accept with or without % sign Accept to a more accurate decimal place (eg 6.0006) Accept correct answer anywhere in workings box</p> <p>OR</p> <p>Award 1 mark for providing the formula in words or numbers:</p> <ul style="list-style-type: none"> - (Profit / revenue) x 100 - (5 667 / 94 440) x 100 <p>Accept answers with or without brackets. Accept formula with 'sales', 'sales revenue' or 'turnover' instead of revenue.</p>	(2)

Question number	Answer	mark
9 (b)	<p>Award 3 marks for the correct answer of £9 450</p> <p>Accept correct figure without pound sign, i.e. 9 450.</p> <p>Accept correct answer anywhere in workings box</p> <p>OR</p> <p>Award up to 1 mark for formula in words or numbers:</p> <ul style="list-style-type: none"> • Break even = Fixed costs / selling price – variable cost per unit • Break even = Fixed costs / contribution per unit • Break even = Fixed costs / (3.80 – (50 + 40 + 20)) • Break even = Fixed costs / (3.80 – 1.10) • Break even = Fixed costs / 2.70 • 3500 = Fixed costs / 2.70 <p>Accept any other appropriate representation of these formulae.</p> <p>AND</p> <p>Award up to 1 further mark for rearranging the formula to that used to calculate fixed costs:</p> <ul style="list-style-type: none"> • Fixed costs = 3 500 x 2.70 <p>OR</p> <p>Award up to 2 marks for giving the formula having already rearranged the equation:</p> <ul style="list-style-type: none"> • Fixed costs = 3 500 x 2.70 	(3)

Question number	Answer	mark
9 (c)	<p>Award 2 marks for the correct response of £13 832</p> <p>Accept without pound sign, i.e. 13 832</p> <p>Accept correct answer anywhere in workings box</p> <p>OR</p> <p>Award up to 1 mark for formula in words or numbers:</p> <ul style="list-style-type: none"> • Selling price per sandwich x number sold x 52 • 3.80 x 70 x 52 	(2)

Question number	Answer	Mark
10(a)	Allocate marks as indicated in the table below NB Do not accept any figures that are shown as negatives (ie a minus sign is included before the figure or the figure is given in brackets)	(6)

	January 2019	February 2019	March 2019	April 2019
Income				
Sales	5 920	6 200	(iV) 6 950 (1)	10 100
Bank interest received			180	
Total Inflow	5 920	6 200	7 130	10 100
Outflows				
Wages	1 600	1 600	1 600	1 600
Coffee	(i) 726 (1)	1 032	1 194	1 692
Other inventory	355	372	428	606
Other outflows	1 400	1 507	1 356	1 754
Total Outflow	4 081	(iii) 4 511 (1)	4 578	5 652
Net cash flow	1 839	1 689	(v) 2 552(1)	4 448
Opening balance	(ii) 846 (1)	2 685	4 374	6 926
Closing balance	2 685	4 374	6 926	(vi) 11 374 (1)

Question number	Answer	Mark
10 (b)	Allocate marks as indicated in the table below NB Accept 'closing inventory' as either a positive or negative figure.	(5)

	£	£	Notes for markers
Sales		101 500	
Opening inventory	162		
Purchases	39 664		
Closing inventory	(i) (214) (1)		Accept closing inventory as either positive or negative.
Cost of sales		39 612	
Gross profit		(ii) 61 888 (1)	
Expenses			
Lease	(iii) 15 000 (1)		
Wages	(iv) 19 584 (1)		
Utilities	4 200		
Other costs	1 656		
Total Expenses		40 440	
Profit/loss for the year		(v) 21 448 ECF (1)	ECF applied where error carried forward from calculation of gross profit

Question number	Indicative content		Mark
11	<p>Advantages</p> <ul style="list-style-type: none"> • Record the amount of cash the business should have at any one time which can be compared with the actual amount to reduce the risk of theft • Keep a record of trade payables/ expenses to ensure the correct amounts are paid by the due date • Produce financial statements throughout the year which can then be used to measure performance • Keeps track of stock so orders can be placed when required and to assist with stock takes and reduce loss by theft • Maintain control of expenses so that profit level can be maximized • To be aware of how much Dara owes / is owed • Help comply with any legal requirements <p>Disadvantages</p> <ul style="list-style-type: none"> • Cost of purchasing and setting up the system • Cost of training the staff • Time spent changing from old system to the new one • Errors in transferring data to the new system • Cost of virus protection/updates <p>Accept any other reasonable response.</p>		(6)
Level	Mark	Award up to 6 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"> • Demonstrates isolated knowledge and understanding of relevant information; there may be major gaps or omissions. • Provides little evidence of weighing up of competing arguments/pros and cons in context; discussion likely to consist of basic description of information. • Meaning may be conveyed but in a non-specialist way; response lacks clarity and fails to provide an adequate answer to the question. 	
2	3–4	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of relevant information with a few gaps or omissions. • Discussion is partially developed, but will be imbalanced. Evidences the weighing up of competing arguments/pros and cons in context. • Demonstrates the use of logical reasoning, clarity, and appropriate specialist technical language. 	

3	5-6	<ul style="list-style-type: none">• Demonstrates accurate and thorough knowledge and understanding of relevant information; any gaps or omissions are minor.• Displays a well-developed and balanced discussion, demonstrating a thorough grasp of competing arguments/pros and cons in context.• Logical reasoning evidenced throughout response which is clear and uses specialist technical language consistently.
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Question number	Answer	Mark
12	<p>Advantages</p> <ul style="list-style-type: none"> • Positive contribution of £30 per coffee machine • Increased contribution of £10 200 • Profit of £1 200 if sales and costs are accurate • Margin of safety of 40 units so the coffee machines should break even if sales are accurate • Increased number of new customers which may increase sales of related goods • Business is less reliant on smaller range of goods <p>Disadvantages</p> <ul style="list-style-type: none"> • Loss of floor space which may reduce sales of coffee • Small margin of safety which means if sales fall a loss could be made • Customers may be put off by sales displays whilst using the coffee shop • Staff may not have the knowledge/may need training to sell the goods • May not be able to accommodate new customers due reduced floor space • Additional staff may be required • 340 sales is a prediction and may not be accurate 	(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*.

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

Question number	Indicative content	Mark
13	<p>Observations</p> <p>In March 2019, the current ratio is forecast to be 0.09:1 and liquid capital ratio is forecast to be 0.04:1.</p> <p>In December 2018, current ratio was 0.85:1 and liquid capital ratio was 0.84:1.</p> <p>Liquidity is compromised and could be a significant concern. It might have been more appropriate to finance the purchase via other methods rather than leave the business short of funds in the short term.</p> <p>There is no expectation of learners to perform calculations although there is an expectation that learners will observe trends.</p> <p>Negative impact</p> <ul style="list-style-type: none"> • Between December 2018 and forecast March 2019 non-current assets will have increased considerably by the planned purchase of the van, reducing liquidity. • Lower amount of cash in hand. • Trade receivables have increased meaning customers have been given more credit and reducing amount of cash in the business. • Increase in overdraft is predicted possibly due to cash shortages following the purchase of the van. Bank has reduced by £6 847 (£8 987 including overdraft) • Higher inventories forecast in March 2019 spending more cash in order to stock the van • Overdraft fees may be charged • Interest may be charged on any overdraft <p>Positive impact</p> <ul style="list-style-type: none"> • Trade payables have increased by £1 860 meaning he has extended credit with his suppliers • the business could be working more efficiently/making better use of its resources <p>The biggest impact of the planned purchase of the van will be on non-current assets, reducing liquidity, however other trends such as trade payables will have a positive impact. However improved profits should help increase cash flow in the longer term</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*.

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

Question number	Indicative content	Mark
14	<p>Advantages of crowdfunding</p> <ul style="list-style-type: none"> • Can be a quick way to raise finance with no upfront fees • Can be a valuable form of marketing and result in media attention • Get feedback on your idea and expert guidance on how to improve it • Good way to test the public’s reaction to your product/idea • Investors can track your progress, which can help to promote the brand through their networks • Ideas that may not appeal to conventional investors can often get financed more easily • Investors can often become loyal customers through the financing process <p>Disadvantages of crowdfunding</p> <ul style="list-style-type: none"> • Can take a very long time to raise finance • Some types of crowdfunding involves giving something away (eg equity crowdfunding involves giving away part of the ownership/control/equity of the business in return for funds) • Not all projects that apply to crowdfunding platforms get onto them • You need to do a lot of work in building up interest before the project launches • If you don’t reach your funding target, any finance that has been pledged will usually be returned to your investors and you will receive nothing • Failed projects risk damage to the reputation of your business and people who have pledged money to you • Can be difficult to set the rewards for investors - getting the rewards or returns wrong can mean giving away too much of the business to investors • May be too small an amount to consider using crowdfunding <p>Accept any other appropriate response.</p>	(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*.

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



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