

Mark Scheme (Standardisation)

January 2022

BTEC Level 3 National in Business /
Enterprise and Entrepreneurship

Unit 3: Personal and Business
Finance (31463H)

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ALWAYS LEARNING



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.

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 one mark for each type of basic current account advantage stated up to a maximum of two marks.</p> <ul style="list-style-type: none"> • The ability to pay in money/cheques (1) • Debit card to use online/in stores (1) • Free to set up/free to use (1) • Access to cash machines (1) • Can set up direct debits/standing order (1) • Regular bank statements/tracking transactions (1) • Restrict spending as no overdraft facility (1) • Allows people with low credit scores to have a bank account (1) • No withdrawal restrictions of money available <p>Do not accept easy to use/convenient. Accept any other appropriate answer.</p> | (2) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 2 | <p>Award one mark for each way a consumer can maintain their credit rating up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Register on the electoral role (1) • Keep a check on your credit score (1) • Pay bills/loans/credit cards on time (1) • Check if you are linked to another person (1) • Check for fraudulent activity (1) • Avoid County Court judgements (1) • Avoid high levels of debt/applying for too much credit (1) • Do not move home regularly (1) • Get a credit builder credit card/apply for credit (1) <p>Accept any other appropriate answer.</p> | (2) |

| Question Number | Answer | Mark |
|-----------------|---|------------|
| 3 | <p>Award one mark for each feature of a standing order up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Fixed amounts (1) • Can be for a set period of time (1) • Consumer authorises (1) • Consumer sets the date/sets the amount (1) • Payments can be set at regular intervals (1) • Automated payments (1) • Consumer can easily cancel them (1) • Usually same day payment (1) • Quick and easy to set up (1) • Secure method of payment (1) <p>Accept any other appropriate answer. Do not accept 'quick and easy' on it's own.</p> | (2) |

| Question Number | Answer | Mark |
|-----------------|---|------------|
| 4 | <p>Award one mark for each identification of an advantage to the consumer of using mobile banking (max 2) and one mark for each linked development to the advantage (max 2)</p> <ul style="list-style-type: none"> • Can check balances etc. using an app (1) which saves customers time/quick and convenient (1) • Can transfer funds from one account to another quickly (1) which may prevent going overdrawn so saving money (1) • Improved security by using biometrics/fingerprints/facial recognition (1) which means the account is less likely to be subject to fraud (1) • Available 24/7 (1) which means that banking can be accessed at any time (1) • Does not require access to a branch (1) which means consumers in remote areas can carry out banking transactions (1) • Help feature this allows you to troubleshoot (1) therefore no need to phone the branch or visit saving time (1) <p>Accept any other appropriate answer.</p> | (4) |

| Question Number | Indicative content | Mark |
|-----------------|--|------------|
| 5 | <p>Borrowing</p> <ul style="list-style-type: none"> • May borrow from family members due to being unable to access larger loans due to earning power • Much more likely (four times) to overborrow compared to the rest of society • Much more likely to have an overdraft and get into financial difficulties as a result • More likely to rent a home than borrow for a mortgage • Lack of understanding of the risks of overborrowing • Danger of taking on too much instant credit (credit cards/store cards) • Credit cards/store cards viewed as easy money <p>Saving</p> <ul style="list-style-type: none"> • May earn limited amounts (only around half are in work) or rely on parents/relatives for funding (may be in education) so less likely to be able to save • May have needs and wants that they feel should be satisfied immediately, so money is spent quickly after receiving it • May be less likely to save as they feel they do not need to save given their relatively young age • Less likely to save as they do not know how the system works/ have suitable ID • Less likely to have some financial services products such as savings accounts and pensions • Saving likely to be viewed only as necessary for obtaining a mortgage | (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 |
|-------|------|---|
| | 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. |

| Question Number | Indicative content | Mark |
|-----------------|---|-------------|
| 6 | <p>Indicative content could include:</p> <p>Westshire</p> <ul style="list-style-type: none"> • Is the most expensive (£262) • A medical is required, which may limit cover • It is the best for critical illness cover(up to £35 000) • Lump sum pay out is the best of all four (£200 000) <p>Ashridge</p> <ul style="list-style-type: none"> • £57 cheaper than Westshire • Approved without a medical/Online approval could mean it is easier to set up • Critical illness cover lower than Shirevale's, which is a cheaper insurance to purchase • Lump sum pay out is the third highest (£170 000) <p>Shirevale</p> <ul style="list-style-type: none"> • The second cheapest by £74 • A medical is required for approval which may limit cover • Critical illness payment is the second highest • Lump sum payment is the are the second highest (£180 000) <p>The Royal Insurance</p> <ul style="list-style-type: none"> • Cheapest insurance to buy • Approved without a medical/Online approval could mean it is easier to set up • Critical illness payments are the lowest of the four • Lump sum payments are the lowest of the four | (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. |
| 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 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 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. |

Section B: Business Finance

| Question Number | Answer | Mark |
|-----------------|---|------------|
| 7 | <p>Award one mark for each label identified, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Break-even point (1) • Break-even quantity (1) • Break-even revenue (1) • (Area of) Profit (1) • (Area of) Loss (1) • Margin of safety (1) • Variable costs (1) • Fixed costs (1) • (Total) Revenue/sales/£ (1) • Quantity/units (1) • Total costs (1) <p>Do not accept 'break-even' as this is too vague.</p> <p>Accept abbreviations e.g. TC, BEP.</p> | (2) |

| Question Number | Answer | Mark |
|-----------------|---|------------|
| 8 | <p>Award one mark for explaining an advantage and a further one mark for a linked development explaining why it is an advantage up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Do not need to pay the full amount up front (1) which helps improve the business cash flow (1) • Does not show on the statement of financial position as debt (1) so the business value is higher overall (1) • Maintenance costs may be included (1) so no unexpected repair bills (1) • A smaller payment per month could be agreed in exchange for a larger final payment (1) which means the business can use cash generated from the asset to pay for the final payment (1) • Access to more expensive assets (1) as the cost is spread over time (1) • Asset is owned at the end of the HP period (1) therefore having an asset to sell/improved cashflow (1) <p>Accept any other appropriate answer.</p> | (2) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 9 | <p>Award one mark for describing why a business might use the reducing balance method for assets such as vehicles and one mark for a linked development up to a maximum of two marks.</p> <p>The amount of depreciation charged as an expense each year falls (1) which helps keep expenses more consistent as repair cost are likely to increase in later years (1)</p> <p>To reflect that vehicles usually depreciate more in their early years of use (1) so that the vehicles values are not overstated on the statement of financial position / more accurate valuation (1)</p> <p>Accept any other appropriate answer.</p> | (2) |

| Question Number | Answer | Mark |
|-----------------|--|------------|
| 10a | Allocate marks as indicated in the table for parts (i) to (ix) | (9) |

| <i>Lin's Luggage</i> | | |
|---|--------------|-------------------------|
| Extract from the statement of comprehensive income | | |
| for the year ended 31 March 2020 | | |
| | £ | £ |
| Gross profit | | 326 000 |
| Commission received | | (i) 3 600 |
| | | (ii) 329 600 (ECF)* |
| Expenses | | |
| Rent payable | (iii) 17 850 | |
| Utility bills | (iv) 18 100 | |
| Wages | (v) 252 300 | |
| Depreciation of equipment | (vi) 1 800 | |
| Depreciation of vehicles | (vii) 9 000 | |
| Total expenses | | (viii) 299 050 (ECF) ** |
| Profit for the year | | (ix) 30 550 (ECF) *** |

*ECF for item (ii) must show figure a being added to gross profit.

**ECF for expenses must be numerically correct based on their own figures in expenses.

*** ECF for profit for the year must be the candidate's answer for ii minus answer for viii.

| Question Number | Answer | Mark |
|-----------------|---|------|
| 10b | <p>Reasons for selling</p> <ul style="list-style-type: none"> • Will raise profits in the short term if the sale price of £43 000 is achieved then a profit on disposal of £7 000 could be created • Will create additional cash inflows in the short term, which will boost liquidity but not profitability • Might not need the vehicles • May be able to source cheaper alternatives, e.g. more efficient /lower insurance costs/outsourcing/leasing • Will reduce depreciation/running costs if the vehicles are not replaced <p>Reasons for not selling</p> <ul style="list-style-type: none"> • Vehicles might be needed, which may impact on both the short- and long-term running of the business (e.g. deliveries) • Hiring/buying new vehicles may be more expensive as new ones may need to be depreciated at a higher rate • Outsourcing will increase dependence on third-party providers and could cause customer service issues if deliveries are negatively impacted. • Long term this could reduce profits • Depreciation in vehicles is minimal compared to some other expenses such as wages | (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. |

| Question number | Answer | Mark |
|-----------------|--|------------|
| 11 a (i) | <p>Award two marks for any of the following answers:</p> <p>7.73:1 7.7: 1 8:1</p> <p>Accept any response that is more accurate in terms of decimal places, e.g. 7.73436:1</p> <p>Accept answer with or without the :1</p> <p>OR</p> <p>Award one mark for formula in words or numbers.</p> <ul style="list-style-type: none"> - Current ratio = current assets / current liabilities - Current ratio = 40 296 / 5 210 | (2) |

| Question Number | Answer | Mark |
|-----------------|---|------------|
| 11 a (ii) | <p>300% (3)</p> <p>Accept with or without percentage sign.</p> <p>OR</p> <p>Award two marks for the following:</p> <ul style="list-style-type: none"> - $(365\,730 / 121\,910) \times 100$ <p>OR</p> <p>Award one mark for the formula in words or numbers.</p> <ul style="list-style-type: none"> - $(\text{Gross profit} / \text{Cost of sales}) \times 100$ - $365\,730 / (487\,640 - 365\,730) \times 100$ <p>AND</p> <p>Award one further mark for the correct calculation of cost of sales.</p> $(487\,640 - 365\,730)$ $= 121\,910$ | (3) |

| Question Number | Answer | Mark |
|-----------------|---|------------|
| 11 a (iii) | <p>Award two marks for the correct answer of 5%</p> <p>Accept answer with or without percentage sign.</p> <p>OR</p> <p>Award one mark for providing the formula in either words or numbers.</p> <ul style="list-style-type: none"> - (Profit / Revenue) x 100 - (24 382 / 487 640) x 100 | (2) |

| Question Number | Answer | Mark | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------|---|------------|-----------|----------|---------|-----------|--------|-----------|--|---|---|---|---|---|---|-----------------|-----------|-----------|---------|-------|---------|--------|----------------|--|--|--|--|--|--|--------------|---------|--------|--------|--------|--------|--------|---------------|---------|--------|--------|--------|--------|--------|-----------------|--|--|--|--|--|--|----------------|--------|--------|--------|--------|--------|--------|----------|-------|-------|-------|-------|-------|-------|----------------|-----|-----|-----|-----|-----|-------|----------------|--------|------------|--------|--------|--------|--------|---------------|--------|----------|-----------|----------|--------|----------|-----------------|--------|---------|-------|---------|--------|---------|------------|
| 11 b (i) | <p>i) (2 086)</p> <p>ii) 27 578</p> <p>iii) 78 628</p> <p>iv) 19 318</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>April</th> <th>May</th> <th>June</th> <th>July</th> <th>August</th> <th>September</th> </tr> <tr> <th></th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Opening balance</td> <td style="background-color: yellow;">i (2 086)</td> <td style="background-color: yellow;">ii 27 578</td> <td>(9 883)</td> <td>9 435</td> <td>(3 489)</td> <td>19 797</td> </tr> <tr> <td>Inflows</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Credit sales</td> <td>101 484</td> <td>41 167</td> <td>95 757</td> <td>61 064</td> <td>96 685</td> <td>44 605</td> </tr> <tr> <td>Total inflows</td> <td>101 484</td> <td>41 167</td> <td>95 757</td> <td>61 064</td> <td>96 685</td> <td>44 605</td> </tr> <tr> <td>Outflows</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cash purchases</td> <td>63 463</td> <td>69 954</td> <td>67 464</td> <td>65 346</td> <td>64 657</td> <td>64 443</td> </tr> <tr> <td>Drawings</td> <td>8 000</td> <td>8 000</td> <td>8 000</td> <td>8 000</td> <td>8 000</td> <td>8 000</td> </tr> <tr> <td>Other expenses</td> <td>357</td> <td>674</td> <td>975</td> <td>642</td> <td>742</td> <td>1 889</td> </tr> <tr> <td>Total outflows</td> <td>71 820</td> <td style="background-color: yellow;">iii 78 628</td> <td>76 439</td> <td>73 988</td> <td>73 399</td> <td>74 332</td> </tr> <tr> <td>Net cash flow</td> <td>29 664</td> <td>(37 461)</td> <td style="background-color: yellow;">iv 19 318</td> <td>(12 924)</td> <td>23 286</td> <td>(29 727)</td> </tr> <tr> <td>Closing balance</td> <td>27 578</td> <td>(9 883)</td> <td>9 435</td> <td>(3 489)</td> <td>19 797</td> <td>(9 930)</td> </tr> </tbody> </table> <p>No ECF is awarded on this question</p> | | April | May | June | July | August | September | | £ | £ | £ | £ | £ | £ | Opening balance | i (2 086) | ii 27 578 | (9 883) | 9 435 | (3 489) | 19 797 | Inflows | | | | | | | Credit sales | 101 484 | 41 167 | 95 757 | 61 064 | 96 685 | 44 605 | Total inflows | 101 484 | 41 167 | 95 757 | 61 064 | 96 685 | 44 605 | Outflows | | | | | | | Cash purchases | 63 463 | 69 954 | 67 464 | 65 346 | 64 657 | 64 443 | Drawings | 8 000 | 8 000 | 8 000 | 8 000 | 8 000 | 8 000 | Other expenses | 357 | 674 | 975 | 642 | 742 | 1 889 | Total outflows | 71 820 | iii 78 628 | 76 439 | 73 988 | 73 399 | 74 332 | Net cash flow | 29 664 | (37 461) | iv 19 318 | (12 924) | 23 286 | (29 727) | Closing balance | 27 578 | (9 883) | 9 435 | (3 489) | 19 797 | (9 930) | (4) |
| | April | May | June | July | August | September | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | £ | £ | £ | £ | £ | £ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening balance | i (2 086) | ii 27 578 | (9 883) | 9 435 | (3 489) | 19 797 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inflows | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Credit sales | 101 484 | 41 167 | 95 757 | 61 064 | 96 685 | 44 605 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total inflows | 101 484 | 41 167 | 95 757 | 61 064 | 96 685 | 44 605 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Outflows | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash purchases | 63 463 | 69 954 | 67 464 | 65 346 | 64 657 | 64 443 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Drawings | 8 000 | 8 000 | 8 000 | 8 000 | 8 000 | 8 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other expenses | 357 | 674 | 975 | 642 | 742 | 1 889 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total outflows | 71 820 | iii 78 628 | 76 439 | 73 988 | 73 399 | 74 332 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net cash flow | 29 664 | (37 461) | iv 19 318 | (12 924) | 23 286 | (29 727) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing balance | 27 578 | (9 883) | 9 435 | (3 489) | 19 797 | (9 930) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Question Number | Answer | Mark |
|-----------------|--|------------|
| 11 b (ii) | <p>Indicative content:</p> <ul style="list-style-type: none"> • Does not exceed overdraft facility (£10,000), so if the costs and revenues are correct it would avoid additional charges • Could reduce the credit period although this could impact on sales • Could try to find more regular customers/increase sales to even out cash flow as sales appear very inconsistent, although this could be because orders are large • Could try to reduce the amount of drawings, although Anna may need the money for her own personal use • Could try to arrange credit with a supplier or switch to a cheaper supplier to reduce cash purchases although this could lead to quality issues • Anna can monitor <i>Anniematronics'</i> general expenses and take action to reduce them, although the amounts are quite insignificant and will not impact on cash flow a great deal • Anna could try to negotiate an interest free overdraft, which would reduce costs/outflows as the inflows for <i>Anniematronics</i> are quite large and the business appears successful • Appears to buy a consistent amount of purchases despite sales being inconsistent. May wish to try to purchase raw materials based on orders to help improve cash flow • It is a forecast and may not be correct as the revenue and expenditure are quite large so even a small variation in sales or expenses could cause the business to exceed its overdraft facility of £10 000 | (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 gaps or 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 |
|-----------------|---|-------------|
| 11 c | <p>Indicative content:</p> <p>Argument for accepting the order</p> <ul style="list-style-type: none"> • Positive contribution of £45 per puppet • Will increase revenue by £18 000 • Will improve overall profit by £2 000 if she accepts the order. • May help her gain the regular custom of a leading TV production company • Minimal increase in fixed costs • If the TV programme proves popular it could lead to more orders and other opportunities. <p>Argument against accepting the order</p> <ul style="list-style-type: none"> • Will increase variable costs by £13 500 and total costs by £16 000 • £55 difference between usual selling price and price Karpets-time want to pay • The new order could distract from other orders being taken given the staff are working at capacity • It could lead to overtime payments for existing staff or to employing extra staff, which will increase costs and therefore reduce profits • If she neglects her regular customers for this order she could lose them | (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. |

Ofqual



Llywodraeth Cynulliad Cymru
Welsh Assembly Government



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