



Mark Scheme (Results)

June 2016

BTEC Level 1/Level 2 First in Business
(20498E06)

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. 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 candidate'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 candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Answer	Mark
1	Selling products to customers	(1)

Question Number	Answer	Mark
2	Spending money on stock	(1)

Question Number	Answer	Mark
3	<p>Award one mark for any of the following for variable costs:</p> <ul style="list-style-type: none"> • Costs that change with the amount made/sold. • Direct costs of production. <p>Award one mark for any of the following for loss:</p> <ul style="list-style-type: none"> • Costs are higher than revenues. • Expenditure is greater than income. <p>Accept any other appropriate answers. Do not accept when the business does not make a profit/the opposite of profit.</p>	(2)

Question Number	Answer	Mark
4	<p>46332 (2)</p> <p>Award a maximum of one mark for showing the formula or the figures correctly</p> <p>Profit = total cost – total revenue</p> <p>Or</p> <p>£134259 - £87927</p> <p>Award a maximum of two marks for correct answer with or without £.</p>	(2)

Question Number	Answer	Mark
5	Selling used machinery	(1)

Question Number	Answer	Mark
6	Non current assets	(1)

Question Number	Answer	Mark
7(a)	<p>Award one mark for any of the following up to a maximum of two marks.</p> <p>Expenditure Labour/wages/staff Purchases Expenses Advertising Maintenance</p> <p>Accept any other appropriate answers. Do not accept sales or any revenue related budgets. Do not accept production, raw materials or equipment budgets as it is a shop. Do not accept multiple examples of expenditure budget e.g. expenditure and stock.</p>	(2)
7(b)	<p>If Jill identifies that the cost of her perfume stock has increased/decreased due to changing supplier costs (1) she can look for a cheaper supplier/adjust her sale price/re-budget for lower margins (1).</p> <p>If Jill identifies that her sales were higher than anticipated due to reduced competition/increased footfall (1) she could build on this by increasing prices/increasing purchasing budget to cope with higher demand (1).</p> <p>Accept any other appropriate answers that are applied to the scenario. Do not accept non-finance answers (e.g. increased market research to identify a reason for sales increase).</p>	(2)

Question Number	Answer	Mark
8	Total fixed cost Total variable cost	(2)

Question Number	Indicative content					Mark
9	Year	1	2	3	4	
	Total Revenue	£10,000	£10,000	£18,000	£17,500	
	Total Cost	£6,400	£7,400	£12,450	£16,700	
	Variable cost	£4,000	£5,000	£9,000	£12,500	
	Fixed Cost	£2,400	£2,400	£3,450	£4,200	
	Profit	£3,600	£2,600	£5,500	£800	
	Positive	<ul style="list-style-type: none"> • Revenue levels from sales increased. • Though break even point is increasing, still profitable. • Year 3 is best of the four years. 				
Negative	<ul style="list-style-type: none"> • Break even point has increased slightly, declined and then increased again over four years. • Sales levels effectively remain constant at 500 units. • Packaging has increased from £2 to £5 per unit. • Raw materials has increased from £6 to £20. • Fixed costs have increased from £2400 to £4200. • Increase in costs higher than increase in revenues received from drink sales. • This is even though selling price has greatly increased. • Profit levels have fallen (from £3600 to £800) as a result of the increase in costs. • Has to produce and sell more drinks to cover costs. • Margin of safety decreasing as a result. 					
(8)						

Level	Descriptor
0 0 marks	No rewardable material
1 1-3 marks	<p>A few key points identified, or one point described in some detail. The answer is likely to be in the form of a list. Only one aspect considered. Points made will be superficial/generic and not applied/directly linked to the situation in the question.</p> <p>At the bottom of this level only one point will be identified. At the top of this level three or more points will be identified or two points will be identified with some superficial development.</p>
2 4-6 marks	<p>Some points identified, or a few key points described. Consideration of more than one aspect but there will be more emphasis on one of them. The answer is unbalanced. Most points made will be relevant to the situation in the question, but the link will not always be clear.</p> <p>At the bottom of this level the argument may be balanced but lacks development. There will be some use of the given data but this will not necessarily support the argument well.</p> <p>At the top of this level there has been some development of the argument but this is likely to be unbalanced. There will be some use of the given data with some links.</p>
3 7-8 marks	<p>Range of points described, or a few key points explained in depth. Three or more of the aspects are considered and the answer is well-balanced, giving weight to all aspects compared. The majority of comparisons given will be relevant and there will be a clear link to the situation in the question.</p> <p>At the bottom of this level the data is used to support the discussion but may not be fully justified. Arguments are well developed.</p> <p>At the top of this level a clear discussion is produced which is fully justified by well balanced, developed arguments.</p>

Question Number	Answer	Mark
10(a)	<p>Award one mark for any of the following up to a maximum of two marks.</p> <p>Reduce the cost of sales/raw materials/buy cheaper seeds. Increase the selling price of the fruit and vegetables.</p> <p>Do not accept reduced expenses/overheads/paying less for rent or similar response as this will not affect gross profit.</p>	(2)
10(b)	<p>Caroline would increase her expenses/overheads/fixed costs/have additional expenses e.g. rent or utilities (1). So the increase in expenses might be proportionally greater than the increase in sales revenue (1).</p> <p>Accept any other appropriate ways of expressing this financial concept.</p>	(2)

Question Number	Answer	Mark
11	<p>Retained profits from sales Sale of fixed assets no longer used</p>	(2)

Question Number	Answer	Mark
12	<p>4386 (2)</p> <p>Award a maximum of one mark for showing the formula or the figures correctly</p> <p>Total revenue = price x quantity sold</p> <p>Or</p> <p>£6.80 x 645</p> <p>Award a maximum of two marks for correct answer with or without £.</p>	(2)

Question Number	Answer	Mark
13	It makes a profit	(1)

Question Number	Answer	Mark
14(a)	200	(1)
14(b)	<p>230 (2) OFR.</p> <p>Award a maximum of one mark for showing the formula or the figures correctly</p> <p>Margin of safety = quantity sold – break even</p> <p>Or</p> <p>430 - 200</p>	(2)

Question Number	Answer	Mark
15	<p>9678 (2)</p> <p>Award a maximum of one mark for showing a correct method e.g.</p> <p>154069 – 98490 – 27462 – 18439</p>	(2)

Question Number	Answer	Mark
16(a)	<p>Award one mark for any of the following up to a maximum of two marks.</p> <p>Predict/forecast cash inflows for a business. Predict/forecast cash outflows for a business. Identify where liquidity problems/surpluses/deficits may arise. To use as a planning tool to show to lenders to raise additional finance.</p> <p>Accept any other appropriate answers.</p>	(2)
16(b)	<p>It would allow Kurt to identify any shortfalls (1) therefore he can model solutions/ improve cash inflows/reduce cash outflows (1).</p> <p>It would allow Kurt to identify any surplus (1) therefore use cash more effectively in the business (1).</p> <p>Accept any other appropriate answers.</p>	(2)

Question Number	Answer	Mark
17	<p>The rate of increase in his total costs (1) is greater than the rate of increase in his total revenue (1).</p> <p>Jon could be concerned as his profits have fallen (1) even though he is selling more cars /because the profit per car is falling (1).</p> <p>Although the total number of cars sold increases year on year (1) the rate of increase is slowing (1).</p> <p>Accept any other appropriate answers.</p>	(2)

Question Number	Indicative content			Mark																					
18	<table border="1"> <thead> <tr> <th data-bbox="456 338 746 407"></th> <th data-bbox="746 338 975 407">Company A</th> <th data-bbox="975 338 1198 407">Company B</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 407 746 443">Net Profit</td> <td data-bbox="746 407 975 443">Better</td> <td data-bbox="975 407 1198 443"></td> </tr> <tr> <td data-bbox="456 443 746 479">Gross Profit</td> <td data-bbox="746 443 975 479"></td> <td data-bbox="975 443 1198 479">Better</td> </tr> <tr> <td data-bbox="456 479 746 515">Revenue</td> <td data-bbox="746 479 975 515">Higher</td> <td data-bbox="975 479 1198 515"></td> </tr> <tr> <td data-bbox="456 515 746 551">Fixed assets</td> <td data-bbox="746 515 975 551">Higher</td> <td data-bbox="975 515 1198 551"></td> </tr> <tr> <td data-bbox="456 551 746 629">Working Capital</td> <td data-bbox="746 551 975 629"></td> <td data-bbox="975 551 1198 629">Better</td> </tr> <tr> <td data-bbox="456 629 746 703">Capital Employed</td> <td data-bbox="746 629 975 703">More</td> <td data-bbox="975 629 1198 703"></td> </tr> </tbody> </table>				Company A	Company B	Net Profit	Better		Gross Profit		Better	Revenue	Higher		Fixed assets	Higher		Working Capital		Better	Capital Employed	More		(8)
	Company A	Company B																							
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Working Capital		Better																							
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Level	Descriptor
0 0 marks	No rewardable material
1 1-3 marks	<p>Basic arguments on both sides identified, or only one side considered. The answer is likely to be in the form of a list. Points made will be superficial/generic and not applied/directly linked to the situation in the question. No conclusion produced or the conclusion a consequence of only one side of the argument being considered.</p> <p>At the bottom of this level only one point will be identified. At the top of this level three or more points will be listed or two points will be identified with some superficial development. Answers may not be in context. Answers may make reference to only one business.</p>
2 4-6 marks	<p>Arguments for and against are described, but there will be more emphasis on one side than the other. The answer will be unbalanced. A conclusion is present, but this is either implicit or as a result of unbalanced consideration of the arguments. There is little or unfocused justification of the conclusion. Most points made will be relevant to the situation in the question, but the link will not always be clear.</p> <p>At the bottom of this level no conclusion will be given or the conclusion will be irrelevant/generic/unsupported by a balanced argument. The argument may be balanced but lacks development.</p> <p>At the top of this level a relevant conclusion will be presented but this will not be supported by a balanced argument/will not be explicitly stated. There has been some development of the argument but this is likely to be unbalanced.</p>
3 7-8 marks	<p>Balanced explanation of both sides for and against. A conclusion is produced which is justified clearly linked to the consideration of arguments for and against, and their relative importance to the situation. The majority of points made will be relevant and there will be a clear link to the situation in the question.</p> <p>At the bottom of this level a relevant supported conclusion is produced but there may still be an unbalanced argument. Arguments are well developed.</p> <p>At the top of this level a clear conclusion is produced which is fully justified by well balanced, developed arguments.</p>

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