Mark Scheme (Results)

January 2018

BTEC Level 3 National in Business / Enterprise / Marketing
Unit 3: Personal and Business Finance (31463H)



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31463H Personal and Business Finance – marking grid

General marking guidance

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

Specific marking guidance

The marking grids have been designed to assess learner work holistically.
Rows in the grids identify the assessment focus / outcome being targeted. When using a marking grid, the 'best fit' approach should be used.

- Examiners should first make a holistic judgement on which band most closely matches the learner's response and place it within that band. Learners will be placed in the band that best describes their answer.
- The mark awarded within the band will be decided based on the quality of the answer, in response to the assessment focus / outcome and will be modified according to how securely all bullet points are displayed at that band.
- Marks will be awarded towards the top or bottom of that band, depending on how they have evidenced each of the descriptor bullet points.

BTEC Next Generation Mark Scheme Template

Business L3 U3

Question Number	Answer	Mark
	Award **one** mark for any of the following up to a maximum of two marks: Standard (1) packaged (1) premium (1) basic (1) student / graduate (1) Accept any other appropriate response.	2

Question Number	Answer	Mark
2	Award **one** mark for any of the following up to a maximum of two marks: - specific activities (1) - loss / theft of belongings (1) - damage to belongings (1) - illness (1) - cancellation of holiday (1) - cancelled / missed flight (1) - medical emergencies (1) - protects individuals or groups (1) - single / annual / multi (1) Accept any other appropriate response.	2

Question Number	Answer	Mark
3	Award 1 mark for each advantage – maximum 2 marks. Award 1 mark for each appropriate development of the advantage – maximum 2 marks. **Advantages include**: Easy to access / easy to use / saves time / saves money **Developments include**: Available 24/7 / clear display of summary of options / only have to put details in once / multiple comparisons in one search / no need to contact providers separately / allows negotiation of deal / find a better deal / free to use Do not accept the same development twice. Accept any other appropriate response.	4

Question Number	Answer	Mark
4	**Indicative content could include**: **Benefits** - Convenient payment method, increasingly accepted at many outlets - Don't need to remember a PIN - Offers the same protection as chip and pin, don't need to worry about fraudulent use - Quick and convenient payments, speeds up transaction time - More convenient, can use app on mobile phone (e.g. apple pay), / don't need to carry a card - Maximum of £30 per transaction and 4 transactions a day can limit spending **Drawbacks** - Consumers may be more likely to spend more as it is so easy to do which could give increased debt and fees for them - May be a greater risk of fraud for small values if the card is stolen; up to 4 transactions of up to £30 each per day - Maximum of £30 per transaction reduces the flexibility	6

Mark scheme (award up to 6 marks) refer to the guidance on the cover of this document for how to apply levels-based mark schemes*.		
Level	**Mark**	**Descriptor**
Level 0	0	No rewardable material.
Level 1	1–2	• 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.
Level 2	3–4	• 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.
Level 3	5–6	• 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
5	**Indicative content could include**: **Overdraft – advantages** - interest is only charged on the amount outstanding - can be repaid without any penalties - it's flexible - you only borrow what you need at the time - Cheaper than a loan if repaid quickly - Quick and easy to arrange **Overdraft – disadvantages** - there will usually be a charge if you want to extend your overdraft - you could be charged if you go over your overdraft limit - the bank can ask for the money back at any time - you can only get an overdraft from the bank that you hold your current account with **Personal loan - advantages** - Regular payments make budgeting easier - Interest is fixed and built into the repayments - Interest rate is lower than an overdraft - Can spread the cost over a longer period - Not repayable on demand - Easy to apply for, can be online - Don't have to bank with the loan provider so can search for cheapest deal **Personal loan - disadvantage** - Not flexible – usually penalty for early re-payment - Will include charges and penalty for late / missed payments - Can be more expensive than overdraft if taken over a long period	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	• 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	• 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	• 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	Answer	Mark
6	**Indicative content could include**: Considerations of the advantages and disadvantages - Interest rates *QZZ Investments* has the highest by far but not guaranteed. *Westshire Bank* is best guaranteed rate - Level of risk / return *QZZ Investments* gives best return but also greatest risk to loss of capital. - £50 per month could be added to *QZZ Investments* account - Fixed / Flexible time period *Devon Building Society* gives most flexible product with instant access. *Westshire Bank* is least flexible with no withdrawals - Minimum level of initial investment *Devon Building Society* will allow to put the least in. However all will accept the 8 000 as even the highest (*Westshire Bank*) only needs £5 000 - Notice period *Devon Building Society* is the only one with no notice period - Bonuses paid *Ashridge Bank* is the only one to offer a bonus which could give them more return overall than some of the ones with higher interest rates - Flexibility of withdrawal of interest on bonds – *Ashridge Bank* allows you to take out the interest earned on a monthly basis whist *Westshire Bank* is only at the end of each year - Level of management in stocks and shares ISA – *QZZ Investments* managing the account may lead to them being more proactive in getting a better return for Malik	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	• 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	• 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	• 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	• 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.

Question Number	Answer	Mark
7	Award **one** mark for any of the following up to a maximum of two marks: Inventory (1) heating (1) lighting (1) rent (1) rates (1) insurance (1) telephone (1) marketing (1) bank charges (1) wages (1) Accept utilities (1) but do not then reward heating or lighting as a second answer Accept any other appropriate response.	2

Question Number	Answer	Mark
8	Award **one** mark for any of the following up to a maximum of two marks: loan (1) owner's capital (1) mortgage (1) shares (1) debentures (1) venture capital (1) Accept any other appropriate response.	2

Question Number	Answer	Mark
9a	**<u>Method one – Wages as a Variable Cost</u>** £11 (3) **OR** Materials and filling = £2.75 + £3.50 = £6.25 (1) Wages = £190/20 = £9.50 per hour Each bean bag chair takes 30 mins so £9.50/2 = £4.75 per chair (1) **<u>Method two – Wages as a Fixed Cost</u>** £6.25 (3) **OR** Materials and filling = £2.75 (1) + £3.50 (1) OFR (maximum 2 marks)	3

Question Number	Answer	Mark
9b	**<u>Method One – Wages as a Variable Cost</u>** 1332 (4 marks) Fixed cost/ (SP-VC)# = BE point (1) or 3780/(18 – 11) (1) BE point = 540 or OFR Annual sales = 36 x 52 = 1872 (1) MOS = Annual sales – BE point or MOS = 1872 – 540 (1) # Contribution or contribution per unit **<u>Method two – Wages as a Fixed</u>** **<u>cost</u>** 709 (4 marks) Fixed cost/ (SP-VC)# = BE point (1) or 13 660/(18 – 6.25) (1) BE point = 1 163 or OFR Annual sales = 36 x 52 = 1872 (1) MOS = Annual sales – BE point or MOS = 1872 – 1 163 (1) # Contribution or contribution per unit OFR (maximum 3 marks)	4

Question Number	Answer	Mark
9c	Award 1 mark for each correct answer as per grid below NB Appropriate answers (ie those where figurer is in line with the mark scheme) should be accepted regardless of which column of the table the answer has been placed in or if the row has been labelled.	9

	£	£
Sales		39 096 (2) **W1**
Cost of sales	13 575	
Gross profit		25 521 (1 OFR) *
Expenses		
Wages	18 900	
Utilities	381	
Depreciation	**W2** 567 (1)	Mark given for correct figure in any column
Discount allowed	120 (1)	Mark given for correct figure in any column
Rent	**W3** 2080 (1)	Mark given for correct figure in any column
Total expenses		22 048 (1 OFR – no aliens) **
Profit for the year / Net profit ***		3 473 (2 OFR)

* Gross profit must be learners own sales figure (revenue) minus 13 575 for cost of sales
** Must not include trade payables but learner could have missed out other expenses
*** Label may say Loss for the year or Net loss depending on learners own calculated answer (mark given if calculated figure is correct but row not labelled).

W1 (37 596 +1 500) = 39 096
Award 1 mark for formula credit + cash sales = total sales or 37 596 +1 500

W2 (2835x20%) = 567

W3 2360 – 280 = 2080

Question Number	Answer	Mark
10a (i)	**<u>Method one – Wages as a Variable Cost</u>** £1 250 (3) **OR** Total sales revenue – Total variable cost (TVC) (1) **OR** Total sales = 500 x £12 = £6 000 (1) TVC = (2.25 +3.00 + 4.25) x 500 = £4750 (1) **OR** Selling price – Variable cost per unit x sales (1) **OR** 12 – (2.25 +3.00 + 4.25) = 2.50 (1) 2.50 x 500 (1) **<u>Method two – Wages as a Fixed Cost</u>** £3 375 (3) Total sales revenue – Total variable cost (TVC) (1) **OR** Total sales = 500 x £12 = £6 000 (1) TVC = (2.25 +3.00) x 500 = £2 625 (1) **OR** Selling price – Variable cost per unit x sales (1) **OR** 12 – (2.25 +3.00) = 6.75 (1) 6.75 x 500 (1)	3

Question Number	Answer	Mark
10 a (ii)	**<u>Method one – Wages as a variable Cost</u>** 20.83% (2) – accept 20.8% or rounding up to 21% **OR** Gross profit / Sales revenue x100 (1) **OR** 1 250 / 6 000 x 100 (1) Accept answers without % sign **<u>Method two – Wages as a Fixed Cost</u>** 56.25% (2) – accept 56.3% or rounding down to 56% **OR** Gross profit / Sales revenue x100 (1) **OR** 3 375 / 6 000 x 100 (1) Accept answers without % sign	2

Question Number	Answer	Mark
10 b	**<u>Method one – Wages as a variable Cost</u>** 29.729% (3) *accept 29.7%, 29.73% and rounding up to 30%* **OR** 2.75/9.25*100 (2) **OR** (Gross profit / Cost of sales) x 100 (1) 2.75 (1) Accept answers without % sign **<u>Method two – Wages as a Fixed Cost</u>** 140% (3) **OR** 7/5*100 (2) **OR** (Gross profit / Cost of sales) x 100 (1) 7 (1) Accept answers without % sign	3

Question Number	Answer	Mark
11	Indicative content: **Benefits** • Planning for the future – can make better decisions or plan for unforeseen occurrences • Monitoring performance – can help identify times when financial support is needed • Control of cash in and out of the business – plan payments and collections more effectively to reduce pressure • Target setting for the future • Required by investors if seeking a loan / finance • Can identify where / when additional finances may be required **Limitations** • It is only a prediction / forecast • Forecasted inflows and / or outflows may be incorrect • Inflows and / or outflows may change depending on external factors	6

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Level 2	3–4	• 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.
Level 3	5–6	• 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
12	Indicative content: **Advantages** • May offer business expertise • Additional resources in a number of areas e.g. legal, tax, personnel • Connections / Networking could benefit the business • No interest payable • Potential to negotiate terms **Disadvantages** • Loss of control / Greater scrutiny • May result in minority ownership status • Business may be too small to attract venture capital • Potential conflict • Cost of legal and accounting fees even if funds are not secured • May take some time for it all to be finalised	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*.

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Level 0	0	No rewardable material.
Level 1	1–3	• 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	• 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	• 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	Answer	Mark
13	Indicative content: **Positive impact** • Regular and guaranteed income • Small chairs make some contribution to fixed costs but it is lower than the large chairs • Increase in sales of large chairs will make greater contribution to break-even and profit • Could reduce time / days spent at the markets • Could reduce time needed to update social media / promotion • Widening customer base spreads risk • Could increase profitability significantly **Negative impact** • Can't produce that number on her own so will need to expand • Expansion has additional costs such as employment, machinery, premises • Additional production costs will put pressure on cash flow given she pays her suppliers after 7 days • 60 day credit terms will reduce cash flow / additional costs going out well before payment is received • May need to focus on contract over market customers, could lose market slot if she does not have enough goods to sell • Short term impact on cash flow buying additional materials and paying staff.	10

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Level 3	8-10	• 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	Answer	Mark
14	Indicative content: • *Comfychair* has proportionally higher gross profit and net profit figures although *Bella's Bean Bags* has proportionally lowed running costs (16% compared to 14% for *Comfychair*) • *Comfychair* turns stock over more slowly. However, *Bella's Bean Bags* might not always be able to meet demand which could be reducing sales and profits. • *Comfychair* collects payments from debtors quicker and takes longer to pay for materials which helps cash flow. • *Comfychair* is established and can negotiate better trading terms. *Bella's Bean Bags* pays creditors too quickly so could delay this and use the money more effectively in the business. This affects cash flow and liquidity. Could be because Arabella is trying to build a reputation for *Bella's Bean Bags* so she can negotiate better terms of trade • *Bella's Bean Bags'* liquid capital ratio is better than *Comfychair*'s which means *Bella's Bean Bags* are able to meet their liabilities more easily than *Comfychair*	12

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Level 3	7-9	• 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	• 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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