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BTEC

Mark Scheme (Results)

June 2023

Pearson BTEC Nationals
In Business (31463H)
Unit 3:Personal and Business Finance

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June 2023
Publications Code 31463H_2306_MS
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General marking guidance

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

Specific marking guidance

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

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

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

Section A Personal Finance

Question number	Answer	Mark
1	Award **1 mark** for each feature of an Individual Savings Account (ISA) up to a maximum of **2 marks**. • No tax (paid on interest earned) • There is an annual maximum you can invest / currently £20 000 • You don't pay Capital gains tax • ISAs require you to keep your money in for a fixed period • There could be a penalty for withdrawing money early before the end of the term • Everyone in the UK aged 16 + gets an ISA allowance at the start of each Tax Year • Low risk/secure/safer Accept any other appropriate answer.	**(2)**

Question number	Answer	Mark
2	Award **1 mark** for each advantage of setting personal financial targets and goals up to a maximum of **2** marks. • to avoid getting into debt • to control costs /control/monitor spending • avoid legal action and/or repossession • remain solvent / avoid bankruptcy • maintain a good credit rating • generate income and savings • provide insurance against loss or illness • more likely to save money • more likely to be financially stable • to manage money to fund purchases / make financial decisions Accept any other appropriate answer.	**(2)**

Question number	Answer	Mark
3	Award **1 mark** for identification of an advantage of using a standing order and **1 mark** for a linked development. • It's automatic (1) helps prevent late payments (1) • Likely to improve credit rating (1) as less missed payments • Consumer chooses the amount/date (1) more control over your money (1) • Quick and easy to set up/cancel (1) saves time/convenient (1) • It is a fixed sum (1) therefore easier to plan/budget (1) Accept any other appropriate answer. Do not accept "quick and easy" on its own.	**(2)**

Question number	Answer	Mark
4	Award **1 mark** for identification of a disadvantage of using a payday loan to pay for a holiday and **1 mark** for a linked development. • High rates of interest (1) outgoings/re-payments are higher / may get into unmanageable debt/insolvency (1) • Very short time to pay back the debt/high risk you can't pay (1) impact on credit score (1) • If you can't pay on time charges may then be added (1) increasing the debt (1) Accept any other appropriate answer.	**(4)**

Question number	Indicative content	Mark
5	**Discuss whether Taylor should save her own money for the renovations or borrow from a bank.** **Advantages** of borrowing from bank • She has no other debts apart from her mortgage • She plans to sell the flat in 2 years' time – with the renovations she could get the money back when she sells • She gets the money sooner than saving so has more time to renovate to a higher standard – property could then be worth more **Disadvantages** of borrowing from bank • Interest to pay which she wouldn't pay if she used her own savings • If the mortgage rate goes up she may struggle to pay the loan and the extra mortgage interest • It's another monthly outgoing and she will have lots of other costs as she has just moved into her first property **Advantages** of savings • No monthly repayments • No interest to pay on a debt • May earn interest on savings • She doesn't get into unmanageable debt **Disadvantages** of savings • May take many years to save the money for the renovations – bathrooms are expensive – won't get chance to enjoy living in a nicer property • By the time she has saved the money the cost of the renovation will most likely be higher than if she gets it done now – meaning she may not have enough money • No savings available for other things such as unexpected bills/holidays	**(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	• 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	• 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	• 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	**Indicative content** **Westshire** : • Lowest credit limit £500 • Lowest APR (interest) 18.9% • He won't be able to borrow as much but what he does borrow will be charged at a lower % than the other 3 options. • Second lowest interest free purchase period at 56 days meaning he only has the first 56 days to spend without being charged interest on those purchases- he likes to shop online so this is a disadvantage compared to Shirevale and the Royal bank which allow more days. • However, he gets more cashback on purchases at 2% - this is the highest of all the 4 cards. 4 times higher than Shirevale and double Ashridge. He likes to shop online – if he uses for all purchases and shopping can offset the APR which is already the lowest at 18.9% • Highest penalty for late payments at £12.day – could very quickly get into unmanageable debt e.g. one month of not repaying costs approx. £360 which would then be added to his debt. **Ashridge:** • Second highest credit limit - £1000 – therefore more money for emergencies – less worry about affording other bills e.g. rent • Second lowest APR at 21.9% • Lowest interest free purchase period 30 days • Second lowest cash back on purchases at 1% so less to offset the APR than Westshire with 2% cash back • However penalty for late payments only £5/day - £7 lower than Westshire- over a month (30 days) £150 - £220 less than Westshire – less chance of mounting debt **Shirevale**: • Second lowest credit limit at £750 therefore less available for emergencies – however less temptation to use the card and get into debt • 2nd highest APR at 22% - 3.1% higher than Westshire on £750 over a year this is an extra £23.25 more than Westshire and £165 overall. • 2nd highest days for interest free purchases at 60 • Lowest cash back on purchases at 0.5% so less to offset the high APR • No charge for the first 3 days if he misses payment – therefore if he forgets he isn't penalised immediately – however goes up to £10 after this – debt could mount quickly – 30 days will cost £300 in extra debt • **Royal Bank**: • Highest credit limit at £2000 – biggest amount to fall back on and to enjoy student life • Highest APR 26% - if uses the full £2000 costs £520 which is added to debt – could become unmanageable – particularly as most students have very little disposable income • However highest interest free purchase period 90 days – could help to buy books and set up home without worrying about adding to debt • 2nd highest cash back 1.5% - offsets APR • Penalty for late payments could be cheapest depending on balance – APR rises to 29.9% from 26% which was already the highest. However even if he has max debt of £2000 this would cost £78 over the year – 21p /day - cheapest	**(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	• 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	• 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	• 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
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.

Section B Business Finance

Question number	Answer	Mark
7	Award **1** mark for each item of Revenue Income identified, up to a maximum of **2** marks. • Cash sales • Credit sales • Rent received • Commission received • Interest received • Discount received Award a maximum of 1 mark for **sales** where the learner has not specified whether it is cash or credit. Accept any other appropriate answer	**(2)**

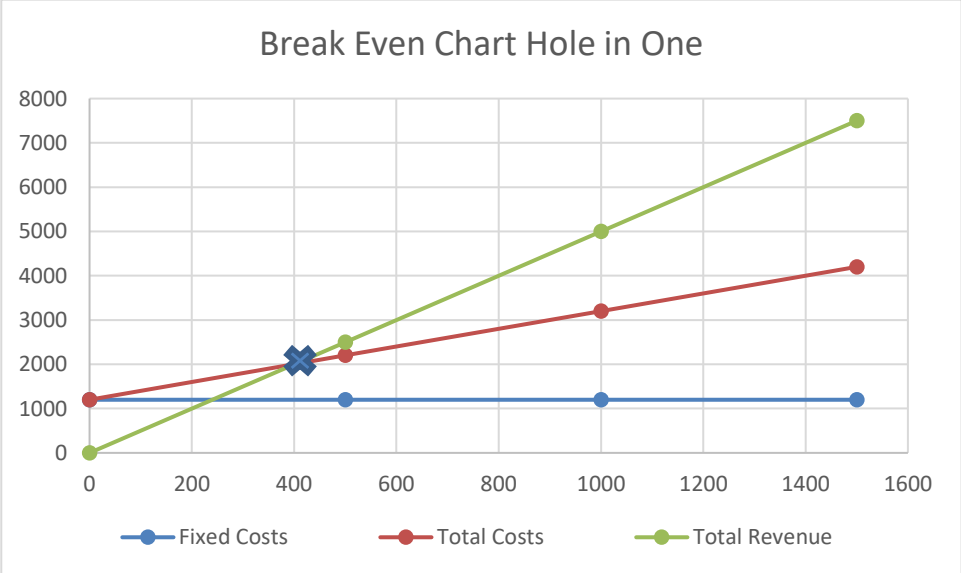
Question number	Answer	Mark
8	Award **1 mark** for identification of why a business might calculate it's Margin of Safety and **1 mark** for a linked development. • Helps the business to forecast the amount the estimated sales can fall (1) before a loss is made/the business breaks even (1) • The calculation helps a business gauge the level of risk (1) when launching a new venture/so that they can decide if the venture is too risky (1) Accept any other appropriate answer	**(2)**

Question number	Answer	Mark
9	Award **1** mark for each outflow identified, up to a maximum of **2** marks. • Cash purchases • Credit purchases • Rent • Rates • Salaries • Wages • Utilities (electricity, water, internet etc.) • Purchase of assets • Value Added Tax (VAT) • Interest (paid) • Loan (repayments) • Inventory/stock Award 1 mark for **purchases** where the learner has not used cash purchases or credit purchases. Accept any other appropriate answer.	**(2)**

Question number	Answer	Mark
10 (a)	Award **1** mark for each correct answer up to a total of **2** marks.	**(2)**

Quantity	0	500	1000	1500
Fixed Costs (£)	1 200	1 200	1 200	1 200
Total Variable Costs (£)	0	1 000	2 000	(ii) 3 000
Total Costs (£)	1 200	2 200	3 200	4 200
Total Revenue (£)	0	(i) 2 500	5 000	7 500

Question number	Answer	Mark
10 (b)	Award **1 mark** for correctly plotting and labelling each of the following: • Total Revenue/TR/Revenue/Sales (1) • Fixed Costs/FC (1) • Total Costs/TC (1) • Break Even Point/BE/BEP **(ECF)** (1) ECF will be applied where the learner has incorrectly plotted TR and/or TC line and identified where they intersect and labeled this BEP. **Use overlay in EPEN2**	**(4)**



Question number	Answer	Mark
10 (c)	Award **4 marks** for the correct answer. • 450 **OR** Award **3 marks** for the correct formula in numbers • 1 350 / 3 • 1 350 / 5 – 2 **OR** Award 1 mark for formula in words • Break Even = Fixed Cost / (Selling price per unit – Variable cost per unit) • Break Even = Fixed Cost / Contribution per unit **AND** Award 1 mark for calculation of new fixed costs • £1 350 Accept figures without £ sign Accept abbreviations in formula such as FC, SP, VC	**(4)**

Question number	Indicative content	Mark
10 (d)	**Benefits and drawbacks of using Break Even Analysis** **Benefits** • The business can use it to model the impact of different selling prices/costs on BEP and so potential profit • As it's a forecast it allows the business to predict the likely profit /loss • Ensures the business considers all its costs • It's a feasibility study /reality check to consider whether it is possible to successfully launch the new product • The business can estimate the risk as it allows you to also consider Margin of Safety **Drawbacks** • It's an estimate – may not be reliable • Doesn't take into account competitor reactions • It's only as good as the person who prepares it he may wrongly estimate costs • Doesn't take into account any changes to the external environment e.g. Inflation, incomes, consumer preferences/uptake • Only considers financial factors – Price and cost • Information on predicted sales may be limited and lead to errors Any other appropriate response	**(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	• 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	• 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	• **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)	Allocate marks as indicated in the table.	**(5)**

Statement of Financial Position:

	Cost	Accumulated Depreciation	Net Book Value
	£	**£**	**£**
Non current assets			
Property	300 000		300 000
Machinery	15 500	(i)2 403	13 097
			313 097
Current assets			
Inventory		22 200	
Trade receivables		7 600	
Bank		3 200	
Cash		(ii)700	
		33 700	
Current liabilities			
Trade payables		4 300	
Tax		3 600	
		7 900	
Net current assets/liabilities			(iii)25 800
Non current liabilities			
Long term borrowing			305 000
Net Assets			(iv)33 897
Financed by			
Capital			(v)12 000
Retained profit			21 897
Capital employed			33 897

Question number	Answer	Mark
11 (b)	Award **3** marks for the correct answer of **1.46** Accept any response that is more accurate in terms of decimal places e.g. 1.455 also accept 1.5 **OR** Award **1** mark for formula in words Liquid Capital ratio = (current assets – inventory) / current liabilities **OR** **1** mark for formula in numbers 11 500 / 7 900 **OR** (33 700 – 22 200) / 7900 **AND** **1** mark for correctly calculating: current assets – inventory as £11 500 **Learners must not be awarded full marks unless they have the correct answer**	**(3)**

Question number	Answer	Mark
11 (c)	Award **2** marks for the correct answer of **£337 097** Accept answer with or without £ sign. **OR** Award **1** mark for correct calculation of the increase in value of **£24 000**	**(2)**

Question number	Answer	Mark
11 (d)	**How could retained profit be increased in 2023** **Indicative content:** **Increasing Revenue** • Strategies to **increase sales** – marketing, advertising, promotion e.g. loyalty card, new website, targeting different segments / markets /older/younger • Strategies to **increase revenue per room** or increasing spend per customer – such as buying add-ons e.g. welcome basket - consider impact of increasing selling price on level of sales • Strategies to **increase total revenue** e.g. discounts for long stays may increase occupancy rates **Reducing Costs** • Strategies to **reduce cost of sales** e.g. buying cheaper raw materials, paint, cushions etc. reduce wage bill, find a cheaper app to use than Butterfly – consider impact of doing each of these – e.g. lower quality rooms and prices **Reduce expenses** • **Lower expenses** by introducing more cost effective methods of **Advertising** and promotion – examples specific to Kim's Castles – consider impact on profit of spending on advertising and promotion • Strategies to reduce **other expenses** - reducing utility **bills**, wages, rent or mortgage, utilities – specific examples such as low energy lightbulbs, insurance **Management strategies** • Introducing financial **monitoring and setting targets for costs and revenue** – setting budgets to avoid excessive costs, paying off debt therefore reducing liabilities e.g. she has £305000 long term liabilities. If learners give balanced discussion or balanced analysis reward at Level 3	**(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	• 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	Indicative content	Mark
11 (e)	**Indicative content: Pay for new app using retained profit or sale of assets** **Argument for Option 1 retained profit** • Retained profit is £21 897 – so can pay for the app outright and still have profit left for other things • She doesn't have to repay the money - no monthly bill and no interest which reduces profit • Keeps all her assets which she uses in the business e.g. IT equipment, drills and sewing machines etc so still has them available to use whenever she needs them • No upfront cost / deposit or fees for fixing or organising a loan • She doesn't give away ownership as she might if she raised money by changing the ownership status of the business and selling shares, or using a venture capitalist so retains full control **Arguments against** • She can't use the money for other things e.g. buy other properties and help the business to grow • She isn't getting the rewards for all her hard work may lose motivation **Argument for Option 2 sale of assets** • Machinery is currently worth £13 097 therefore she is likely to be able to raise all the money she needs from doing this • Won't appear as depreciation on Statement of comprehensive income – benefit to profit • Won't have to pay for maintenance costs • If she rents machinery when she needs it she can access the latest models and technology which may be an advantage • Kim will keep ownership and control of the business **Arguments against** • Might not get all the money as may not be able to sell second hand equipment for as much as NBV • Cost of payments to hire machines when needed may lead to lower profits • She will not have the machinery she needs to run the business / might not be available to hire when she needs it to complete renovations and maintenance – could delay projects which incurs costs • She could reduce her inventory – currently £22 200 tied up in inventory e.g. wallpaper, paint and toiletries for the apartments – may run out of necessary items if stock held is too low – unsatisfied customers and delays to completing projects which incurs costs	**(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
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.







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