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Sample Assessment Material

BUSINESS

From September 2012

Edexcel BTEC Level 1/ Level 2 First Award in Business

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Introduction

The sample assessment materials (SAMs) have been prepared to support the qualification.

The aim of these materials is to provide learners and centres with a general impression and flavour of the actual question papers and mark schemes in advance of the first operational examinations.

This document contains the mark scheme for the Sample Assessment Test, which is available online at www.btec.co.uk/2012.

Unit 2: Finance for Business - Sample mark scheme

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. Examiners must mark all candidates work consistently.
- 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.

Question Number	Answer	Mark
1	Bicycle sales	(1)

Question Number	Answer	Mark
2	<ul style="list-style-type: none"> • Paper • Ink <p>Accept any other appropriate alternatives</p>	(2)

Question Number	Answer	Mark
3	<p>Start-up costs: Buying tables and chairs Advertising</p> <p>Running costs: Heating the cafe Paying staff wages</p> <p>1 correct = 0 marks 2/3 correct = 1 mark 4 correct = 2 marks</p>	<p>(1)</p> <p>(1)</p>

Question Number	Answer	Mark
4	<p>(a)</p> <p>Variable costs = £5000</p> <p>Fixed costs = £4000</p> <p>(b) £4000 or the same/no change</p>	<p>(1)</p> <p>(1)</p> <p>(1)</p>

Question Number	Answer	Mark
5	£125000	(2) CAO
	1 mark for 50000 x 2.5 seen in working box	(1)
	No mark for formula just in words	

Question Number	Answer	Mark
6	<p>(a) The purpose of budgeting is to manage expenditure against revenue and set appropriate budgets (1) whereas budgetary control is where performance is checked against plans or budgets (1).</p> <p>(b) The trading account is the top section of the income statement (profit and loss account) which allows the business to analyse its performance over a period of time (1). The trading account allows analysis of gross profit margin and cost of sales (1).</p>	<p>(2)</p> <p>(2)</p>

Question Number	Answer	Mark
7	<p>(a) Acceptable answers include:</p> <ul style="list-style-type: none"> - no profit and no loss - when a business has made enough money through product sales to cover the cost of making the product <p>Accept any other appropriate alternatives</p> <p>(b) Cross dragged to intersection between total revenue and total costs</p>	<p>(1)</p> <p>(1)</p>

Question Number	Answer	Mark
8	<p>Sales income; Share capital</p> <p>1 mark for each correct answer</p>	<p>(2)</p>

Question Number	Answer	Mark
9	<p>(a) Area between total revenue and total costs highlighted</p> <p>(b) £350,000 Tolerance - £340,000-£360,000</p>	<p>(1)</p> <p>(1)</p>

Question Number	Answer	Mark
10	<p>1 mark for adding missing payment to Total payments for October: Total payments = 11950</p> <p>1 mark for calculating correct net cash flow for October: Net cash flow = (2700)</p> <p>1 mark for calculating correct closing balance for November: Closing balance = (815)</p> <p>ECF</p>	<p>(1)</p> <p>(1)</p> <p>(1)</p> <p>(3)</p>

Question Number	Answer	Mark
11	<p>a) Possible actions:</p> <ul style="list-style-type: none"> • Reduce February payment (1) • Increase receipts in 2nd and/or 3rd month (1) <p>b) Explanation should relate to action previously identified.</p> <p>To improve the closing balances for February and March the business could:</p> <ul style="list-style-type: none"> • Spread the February payment, e.g. by apportioning it over future months (1) or organising a loan or overdraft finance (1) or hiring rather than buying equipment (1) or negotiate longer credit periods to pay suppliers (1) • Increase the selling price (to increase their receipts) (1) or shortening credit periods for customers (1) <p>Accept any other appropriate alternatives Do not reward marks for 'the business has a negative cash flow'.</p>	<p>(1)</p> <p>(2)</p>

Question Number	Answer	Mark
12	<p>60</p> <p>1 mark for 12000/(1000-800) seen in working box</p> <p>No mark for formula just in words</p>	<p>(1)</p>

Question Number	Answer	Mark			
13	<table border="1"><tr><td>Revenue</td><td>—</td><td>Expenditure</td></tr></table>	Revenue	—	Expenditure	(1)
Revenue	—	Expenditure			

Question Number	Answer	Mark
14	Buying raw materials	(1)

Question Number	Answer	Mark
15	Equipment Customers who owe money 1 mark for each correct answer	(2)

Question Number	Answer	Mark
16	<p>Award one mark for identification of a way in which the business can improve its net profit. Award one further mark for explanation.</p> <ul style="list-style-type: none">Net profit can be increased by reducing overheads/expenses (1). Explanation should relate to the expenses listed in the question (rent, staff wages, telephone bill) and suggest how the business can reduce these expenses (1).Net profit can be increased by improving the gross profit margin (1). Explanation should identify that this can be done through reducing the cost of sales, with suggestions of how the business could achieve this (for example negotiating cheaper prices with suppliers of materials/stock) (1). <p>Accept any other appropriate alternatives</p>	(2) (2)

Question Number	Answer	Mark																								
17	<p>Income Statement completed as below:</p> <table border="1"> <thead> <tr> <th></th> <th>£</th> <th>£</th> </tr> </thead> <tbody> <tr> <td>Income from sales</td> <td></td> <td>68500</td> </tr> <tr> <td>Cost of sales</td> <td>33750</td> <td></td> </tr> <tr> <td>Gross profit</td> <td></td> <td>34750</td> </tr> <tr> <td>Expenses</td> <td></td> <td></td> </tr> <tr> <td>Vehicle leasing</td> <td>8500</td> <td></td> </tr> <tr> <td>Wages and salaries</td> <td>12750</td> <td></td> </tr> <tr> <td>Net profit</td> <td></td> <td>13500</td> </tr> </tbody> </table> <p>1 mark for calc of gross profit 1 mark for calc of net profit 1 mark for complete, accurate P&L using own figures (ECF)</p>		£	£	Income from sales		68500	Cost of sales	33750		Gross profit		34750	Expenses			Vehicle leasing	8500		Wages and salaries	12750		Net profit		13500	(1) (1) (1)
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18	<p>Up to 2 marks per explained action.</p> <p>Reduce their stock levels (1) or get their trade receivables to pay them (1) so that they have more cash available to:</p> <p>pay off overdraft (1) or pay off trade payables (1) or invest in the business (1).</p> <p>Accept any reasonable explanation that relates to the action identified.</p>	(4)

Question Number	Indicative content	
19	<p>The answer needs to refer to the importance of using planning tools such as breakeven analysis to manage the success of the first year of business.</p> <p>Answers might include:</p> <p>Benefits of breakeven analysis</p> <ul style="list-style-type: none"> • It shows when the business is making enough money to cover their costs • It is necessary in order to fix an appropriate selling price for goods • It is needed to know how much to sell to enable the business to make a profit • It is needed to identify and track costs (both fixed and variable costs) • It can help businesses identify where they can change their costs, for example, buying cheaper materials or finding a cheaper supplier • It is needed to highlight the margin of safety <p>Risks of not completing a breakeven analysis</p> <ul style="list-style-type: none"> • The business sets the wrong selling price for goods and ends up making a loss • The business costs are higher than the revenue generated • The business will not be aware of the margin of safety • The business will not be aware of how much they need to sell to make a profit • It can help businesses identify where they can change their costs, for example, buying cheaper materials or finding a cheaper supplier <p>Better responses are likely to expand their discussion to include other planning tools, e.g. cash flow forecasts or budgets. Answers including coverage of these might include:</p> <p>Importance and benefits of other planning tools such as budgeting and cash flow analysis</p> <ul style="list-style-type: none"> • Shows when money is coming into the business (cash inflows) • Shows individual and total outflows and the dates/timings of those outflows • Highlights surpluses in finances and deficits • A new business would have no past records to use for planning <p>Risks of not completing a cash flow forecast or budget</p> <ul style="list-style-type: none"> • Inaccurate or imprecise planning of finances particularly as a new business would have no past records • Payments to be made or received may be forgotten/ not accounted for • The business may not be able to negotiate payment dates with debtors and creditors or spread payments • Inability to plan and organise overdrafts and loans in advance so that emergency funds could incur penalties 	
Level	Mark	Descriptor
	0	No rewardable material
Level 1	1-3	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 viewpoint considered. Points made will be superficial/generic and not applied/directly linked to the situation in the question.

Level	Mark	Descriptor
Level 2	4-6	Some points identified, or a few key points described. Consideration of more than one viewpoint 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.
Level 3	7-8	Range of points described, or a few key points explained in depth. All sides of the case are considered and the answer is well-balanced, giving weight to all viewpoints. The majority of points made will be relevant and there will be a clear link to the situation in the question.

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