



Mark Scheme (Results)

January 2015

NQF BTEC Level 1/Level 2 Firsts in
Business

Unit 2: Finance for Business
(20498_E04)

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Question Number	Answer	Mark
1	Paying wages to staff	(1)

Question Number	Answer	Mark
2	Payments received from customers	(1)

Question Number	Answer	Mark
3	<p>Award one mark for any of the following up to a maximum of two marks.</p> <p>Mortgage. Bank loans. Hire purchase. Leasing. Grants. Shareholders. Investors. (Business) overdraft. (Business) credit card.</p> <p>Accept any other appropriate answers. Do not accept internal sources of finance (e.g. owner's funds/owner's credit card/overdraft), investment or other synonyms for finance and activities which generate revenue (e.g. advertising/sell more).</p>	(2)

Question Number	Answer	Mark
4	<p>4343 (2)</p> <p>Or</p> <p>In working box: Award a maximum of one mark for showing the formula or the figures correctly e.g. Direct costs + Indirect costs 2548 + 1795</p>	(2)

Question Number	Answer	Mark
5	Stock purchases	(1)

Question Number	Answer	Mark
6	Long-term liabilities	(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>Might overspend. Might set other budgets incorrectly. Might overestimate/underestimate costs/revenues. Might raise unnecessary finance. May forget payment(s).</p> <p>Accept any other appropriate answers. Do not accept goes bankrupt.</p>	(2)
7(b)	<p>Stefan would have bad relationships with his suppliers (1) meaning they wouldn't supply his business in the future (1).</p> <p>Stefan's suppliers would take steps to recover their money/Stefan may face legal action (1) which may lead to Stefan becoming insolvent (1).</p> <p>Stefan may end up in debt (1) which may threaten the survival of the business (1).</p> <p>Accept other appropriate answers.</p>	(2)

Question Number	Answer	Mark
8	<p>Wages for the staff Materials for the baby clothes</p>	(2)

Question Number	Indicative content	Mark
9	<p>Notebooks</p> <ul style="list-style-type: none"> • Total variable cost of notebooks has decreased, variable cost per unit has remained unchanged between Year 1 and Year 2 at £2 per unit. • Sales and revenues have fallen between the two years. • Breakeven point is lower for notebooks now. • Not enough notebooks are being sold to cover the breakeven level of output. • Profit levels have fallen to the point that notebooks now make a loss due to high price rise. • Although total costs are lower, the revenue has fallen drastically due to a fall in sales due to the higher price. <p>Diaries</p> <ul style="list-style-type: none"> • Selling price remains unchanged. • Variable costs have been lowered from £4 to £2 per diary made. • Fixed costs increased between Year 1 and Year 2. • Number of diaries sold increased (could be for quality reasons for example). • Variable cost reduction has led to a fall in break even output. • Margin of safety increased as a consequence. • Profit levels have greatly increased as a result of the cost reduction. 	(8)

Level	Descriptor
0 0 marks	No rewardable material
1 1–3 marks	<p>A few key points identified, or one impact described in some detail. The answer is likely to be in the form of a list. Only one impact 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 impact/keypoint will be identified.</p> <p>At the top of this level three or more impacts/keypoints will be listed or two impacts will be identified with some superficial development.</p>
2 4–6 marks	<p>Some impacts identified, or a few key impacts described. Consideration of more than one impact but there will be more emphasis on one of them. The answer is unbalanced. Most impacts 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 one impact will be developed and there will be some link to the context.</p> <p>At the top of this level two impacts will be discussed. There may be an imbalance in their development. There will be some link to the context but this is likely to be stronger/applicable to only one impact.</p>
3 7–8 marks	<p>Range of impacts described, or a few key impacts explained in depth. Two or more impacts are considered and the answer is well-balanced. The majority of impacts 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 two impacts are discussed, are balanced and linked to the context.</p> <p>At the top of this level a well-balanced answer with two or more impacts discussed in detail and linked to the context.</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>Identifies output level/sales a business needs to make a profit. Calculates the profit/loss at a given level of output. Can help with what price to charge/level of output required to cover all costs. Shows the levels of profit/loss made when costs change.</p> <p>Accept any other appropriate answers. Do not accept margin of safety. Do not credit opposite answers (eg: shows where a profit is made, shows where a loss is made)</p>	(2)
10(b)	<p>know how many sales/output he can lose before he starts to make a loss (1). This will allow planning to maintain/increase sales (1).</p> <p>Accept any other appropriate answers.</p>	(2)

Question Number	Answer	Mark
11	<p>Purchasing a new piece of machinery Buying a factory to locate the business</p>	(2)

Question Number	Answer	Mark
12	<p>Award one mark for any of the following up to a maximum of two marks.</p> <p>Vehicle/Van/Car. Land. Premises/Buildings. Fixtures/Fittings. Machinery/Drill. IT Equipment/Computers/Printers. Till/Cash Register. Goodwill. Company brand. Intellectual property.</p> <p>Accept any reasonable answer that can be considered as a fixed asset.</p>	(2)

Question Number	Answer	Mark
13	It shows the total expenses paid over a year	(1)

Question Number	Answer	Mark
14	<p>3960 (3)</p> <p>Or</p> <p>In working box: Award a maximum of one mark for correct calculation of average variable cost. 2.25 + 2.00 (1) or 4.25 (1)</p> <p>Award a maximum of one mark for rearranging the formula or the figures correctly e.g. Break even x (selling price - variable cost) = Total fixed costs (1)</p> <p>Or</p> <p>480 x (12.50 - 4.25) (1) (OFR)</p> <p>Or</p> <p>480 x 8.25 (1) (OFR)</p>	(3)

Question Number	Answer	Mark
15	<p>Opening balance month 1 = 600 (1) Net cash flow month 2 = 730 (1)</p> <p>Or</p> <p>In working box: -1210- -1810 (1) or -1210+1810 (1) or 600 (1) 1200-50-170-250 (1) or 1200-470 (1) or 730 (1)</p> <p>Maximum one mark unless both correct answers are shown.</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>Increase sales revenue</p> <ul style="list-style-type: none"> • Increase selling price. • Promotional activity. <p>Reduce costs</p> <ul style="list-style-type: none"> • Reduce wage costs. • Reduce transport costs. • Reduce other costs. <p>Accept any other appropriate answers.</p>	(2)
16(b)	<p>1040 (2)</p> <p>Or</p> <p>In working box: Award a maximum of one mark for correct calculation of discount. 25420 x 0.2 (1) or 5084 (1)</p> <p>Or</p> <p>Award a maximum of one mark for correct calculation of new gross profit. 46254-25420-5084 (1) or 15570 (1)</p>	(2)

Question Number	Answer	Mark
17	<p>Businesses will need money on a day-to-day basis/to pay bills/e.g. rent premises (1) otherwise the business could face bankruptcy/cease trading/insolvency (1).</p> <p>More likely to run out of cash/not have enough cash (1) which could lead to cash flow problems/bankruptcy (1).</p> <p>Will allow purchase materials/advertising (1) which will help further improve performance (1).</p> <p>Accept any other appropriate answers.</p>	(2)

Question Number	Indicative content	Mark
18	<p>Problems</p> <ul style="list-style-type: none"> • Net current assets figure has resulted in a cash shortfall of £2810. • Fixed assets have reduced in value possibly due to depreciation. • Cash in the business has fallen compared with Year 1, possibly due to a fall in revenues. • Lower creditor value could imply paying suppliers earlier, which is not an effective use of credit facilities. • Overdraft has more than doubled, which would cost the business more in charges and interest. • Value of the business has fallen by £12 510 reducing the worth for the owners. • Retained profit has been used in the business leading to a fall in the value of this. <p>Solutions</p> <ul style="list-style-type: none"> • Look to increase retained profits within the balance sheet. • Achieved through the increase in revenues within the business. • Associated costs should be managed to maximise profits through reducing costs. • Address working capital problems through reducing the overdraft. • Invest in the business to improve the value of fixed assets within the business. • Make improved use of credit facilities with suppliers with an increase in revenue. 	(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. 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 problem/point will be identified.</p> <p>At the top of this level three or more problems will be listed or one problem/solution with some simplistic development but not in context/weak link to context.</p>
2 4–6 marks	<p>Some points identified, or a few key points described.</p> <p>Consideration of one or more problems/points 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 a solution will be developed but not in context or solutions to two or more problems with some development and some link to context.</p> <p>At the top of this level a good solution will be presented that fully addresses a problem in context/two solutions will be presented that address more than one problem and are not necessarily in context.</p>
3 7–8 marks	<p>Range of points described, or a few key points explained in depth. Two or more problems are considered in detail and solutions offered that fully address them. 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 two or more problems are considered in detail and solutions given but may not all be in context.</p> <p>At the top of this level two or more problems are considered in detail with appropriate solutions given in context.</p>

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