



Pearson
BTEC



First teaching from
September 2022

Pearson BTEC
Tech Award Level 1/2 in

Enterprise

Component 3: Marketing and finance for
enterprise

L1/2

Sample Assessment Materials

First teaching from September 2022; First Certification Summer 2024

Issue 2

Edexcel, BTEC and LCCI qualifications

Edexcel, BTEC and LCCI qualifications are awarded by Pearson, the UK's largest awarding body offering academic and vocational qualifications that are globally recognised and benchmarked. For further information, please visit our qualifications website at [qualifications.pearson.com](https://www.pearson.com/qualifications). Alternatively, you can get in touch with us using the details on our contact us page at [qualifications.pearson.com/contactus](https://www.pearson.com/contactus)

About Pearson

Pearson is the world's leading learning company, with 25,000 employees in more than 70 countries working to help people of all ages to make measurable progress in their lives through learning. We put the learner at the centre of everything we do, because wherever learning flourishes, so do people. Find out more about how we can help you and your learners at [qualifications.pearson.com](https://www.pearson.com/qualifications)

References to third-party material made in this document are made in good faith, we do not endorse, approve or accept responsibility for the content of materials, which may be subject to change, or any opinions expressed therein. (Material may include textbooks, journals, magazines and other publications and websites.)

All information in this document is correct at time of publication.

Publication code VQ000053

All the material in this publication is copyright
© Pearson Education Limited 2022

Summary of Pearson BTEC Level 1/2 Tech Award in Enterprise Sample Assessment Materials for Component 3: Marketing and Finance for Enterprise Issue 2 changes

Summary of changes made between previous issues and this current issue	Page number
In the <i>Sample mark grid</i> section for question 5 the Levels 2 and 3 descriptors' wording was amended to correct a typo.	Page 28

If you need further information on these changes or what they mean, contact us via our website at: qualifications.pearson.com/en/support/contact-us.html.

Contents

Exam paper	1
Sample mark grid	19

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Learner Registration Number

--	--	--	--	--	--

--	--	--	--	--	--	--	--

Pearson BTEC Tech Award

Sample assessment materials for first teaching September 2022

Time 2 hours

Paper
reference

XXXXXX/XX

Enterprise

COMPONENT 3: Marketing and Finance for Enterprise

You must have:

Calculator, Ruler

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and learner registration number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 60.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

S72510A

©2022 Pearson Education Ltd.

1/



Pearson

Answer ALL questions. Write your answers in the spaces provided.

The questions in this paper are based on the following scenario.

HD Candles Ltd

HD Candles Ltd is a micro-enterprise owned by Hani.

It is an environmentally friendly enterprise that operates in a competitive market selling luxury scented candles.



(Source: © BE&WON99/Alamy)

Hani and their employees make all the candles by hand. The candles are produced and packaged using natural ingredients and recyclable materials.

The candles are sold at *HD Candles Ltd's* shop in the town centre and online.

Scenario

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Customer order

Customer: Krikkraft Supplies

Loyalty status: 10% discount


Order:

- 250 scented candles at £8.50 each
- 275 beeswax candles at £3.98 each.

Figure 1

- 1 (a) Complete the invoice using the information given in Figure 1.

(6)

HD Candles Ltd  (Source: © E&WON99/Alamy)	Invoice number: 791
	Invoice to: Krikkraft Supplies
	437 Sudbury Terrace
	Dunholme
	NN27 4JX

Item description	Number of candles purchased	Price for each candle		Total Price		
		(£)	(p)	(£)	(p)	
Scented candles	250	8	50	.....	.....	(1)
Beeswax candles	275	3	98	.....	.....	(1)
		Total price		.....	.....	(1)
		Discount (10%)		.....	.....	(1)
		Subtotal		.....	.....	(1)
		Delivery charge		40	00	
		Total to pay		.....	.....	(1)

Hani has been advised to create budgets for *HD Candles Ltd*.

2 (a) Give **two** budgets that an enterprise could create.

(2)

1

2

HD Candles Ltd pays many of its invoices by credit card.

(b) Give **two** advantages to an enterprise of paying invoices by credit card.

(2)

1

2

HD Candles Ltd accepts cash payments in its shop.

(c) Explain **one** impact on an enterprise of allowing customers to pay with cash.

(2)

.....

.....

.....

Hani wants to increase sales revenue for *HD Candles Ltd.*

(d) Explain **one** way that an enterprise could increase its sales revenue.

(2)

.....

.....

.....

.....

(Total for Question 2 = 8 marks)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

HD Candles Ltd has both assets and liabilities.

3 (a) (i) Give **two** examples of assets.

(2)

1

2

(ii) Give **one** example of a liability.

(1)

.....

DO NOT WRITE IN THIS AREA

Figure 2 shows some costs and revenue information for *HD Candles Ltd*.

Hani wants to calculate the number of luxury scented candles that *HD Candles Ltd* needs to sell to break even each week.

Costs and revenues for luxury scented candles each week				
Number of customers	0	100	200	300
Sales revenue	£0	£600	£1 200	£1 800
Fixed costs	£800	£800	£800	£800
Total costs	£800	£1 000	£1 200	£1 400

Figure 2

(b) Using the data in Figure 2, draw and label the break-even chart.

You must **draw** and **label**:

- the fixed costs line
- the total costs line
- the total revenues line.

You must **also label**:

- the break-even point.

(4)

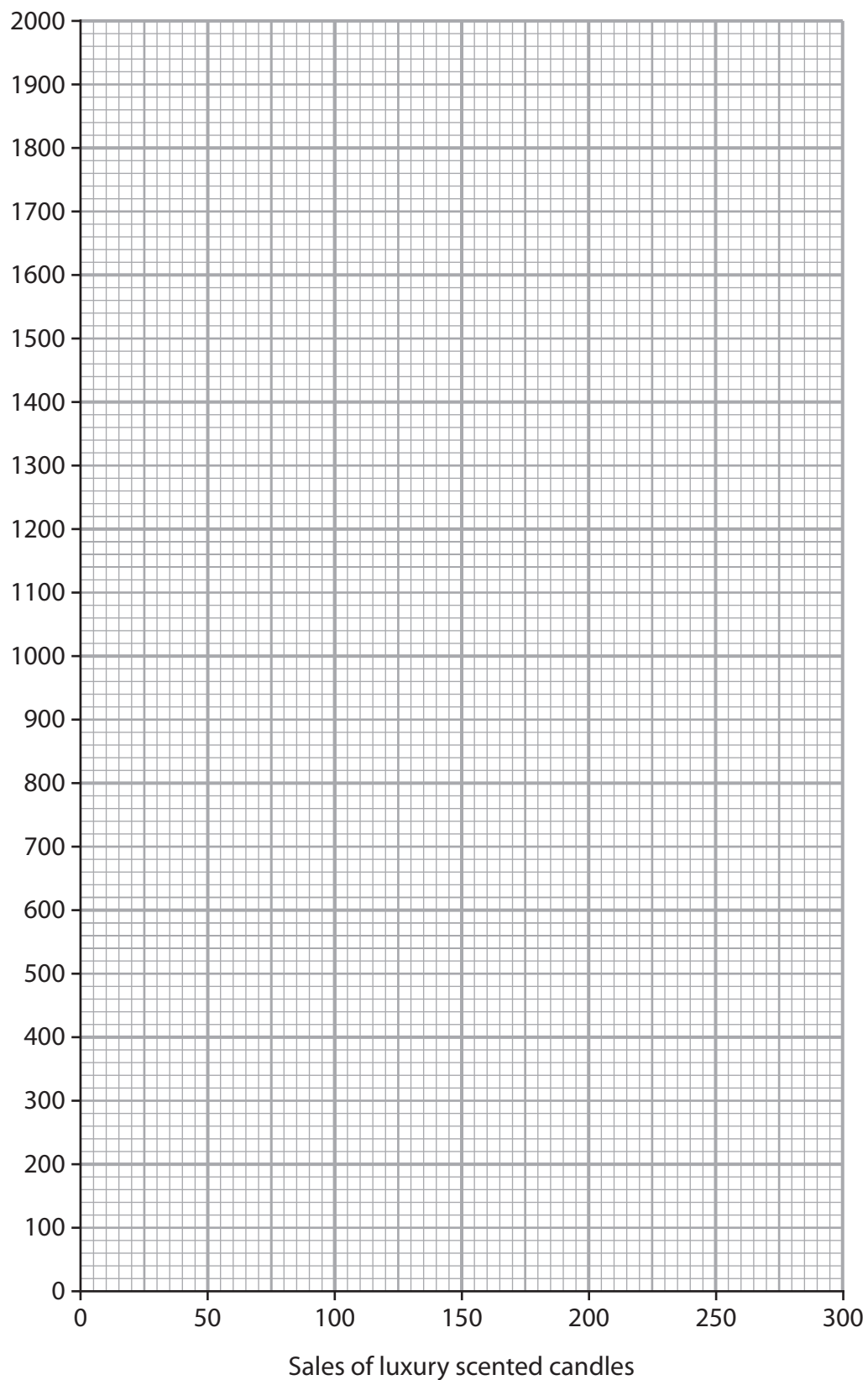
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Costs and revenues £



Break-even chart for luxury scented candles each week

When Hani started the enterprise, they segmented the market.

(c) Explain **one** advantage to an enterprise of segmenting the market.

(2)

.....

.....

.....

.....

(Total for Question 3 = 9 marks)

HD Candles Ltd sells its luxury scented candles at its shop and online.

4 (a) Explain **one** advantage to an enterprise of selling online.

(2)

.....

.....

.....

.....

HD Candles Ltd uses a premium pricing strategy when selling its luxury scented candles.

(b) Explain **one** advantage to an enterprise of using a premium pricing strategy.

(2)

.....

.....

.....

.....

HD Candles Ltd produces several financial statements which are of interest to its stakeholders. One of these stakeholders are its suppliers.

(c) Explain **two** ways financial statements are of interest to the suppliers of an enterprise.

(4)

1

.....

.....

2

.....

.....

.....

(Total for Question 4 = 8 marks)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Hani has started to prepare a cash flow forecast for the coming months.

6 (a) Complete the cash flow forecast for June to August.

(3)

Cash flow forecast for HD Candles Ltd			
	June (£)	July (£)	August (£)
CASH INFLOW			
Total inflows	5 400	5 400	(iii) (1)
CASH OUTFLOW			
Total outflows	6 850	(ii) (1)	7 250
Net cash flow	(1 450)	(375)	(2 050)
Opening balance	(i) (1)	(250)	(625)
Closing balance	(250)	(625)	(2 675)

The forecast predicts a negative net cash flow for June, July and August

(b) Give **one** way to improve the predicted cash flow of an enterprise.

(1)

.....

.....

Figure 3 shows an extract of the balance sheet (statement of financial position) for *HD Candles Ltd.*

Extract from balance sheet (statement of financial position)	£
Fixed assets	66 550
Current assets	7 450
Current liabilities	3 400

Figure 3

(c) Using the data in Figure 3, calculate the working capital (net current assets).

(2)

Show your workings.

Working capital (net current assets) £.....

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

HD Candles Ltd has made two business decisions:

- to extend the product portfolio by producing a new range of everyday candles
- to use a penetration pricing strategy for this new range.

(d) (i) Explain **one** disadvantage to an enterprise of extending its product portfolio. (2)

.....

.....

.....

.....

(ii) Explain **one** risk to an enterprise of using a penetration pricing strategy for the new product range. (2)

.....

.....

.....

.....

(Total for Question 6 = 10 marks)

HD Candles Ltd has a reputation for being an environmentally friendly enterprise. This gives it an advantage as many customers are demanding more environmentally friendly products.

7 (a) Explain **two** other advantages to an enterprise of having an environmentally friendly reputation.

(4)

1

.....

.....

.....

.....

2

.....

.....

.....

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Component 3: Marketing and Finance for Enterprise – Sample mark scheme

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.

Points-Based Mark Scheme Guidance

Points-based mark schemes are made up of:

1. Mark scheme rubric:

A mark scheme rubric instructs an examiner as to how each mark is awarded.

2. Example responses:

These demonstrate the type of acceptable responses that a learner might provide and where each mark is awarded.

3. Additional marking guidance:

This informs examiners about any parameters which should be applied, for example 'accept any other appropriate/alternative responses'.

Applying the points-based mark scheme guidance

Examiners should follow the mark scheme rubric and use the example responses as a guide for the relevance and expectation of the responses. Learners must be credited for any appropriate response. Should learners provide answers that meet the rubric but in an alternative order, credit should be given.

Levels-Based Mark Scheme Guidance

Levels-based mark schemes (LBMS) have been designed to assess learners' work holistically. They consist of two parts:

1. Indicative content:

Indicative content reflects content-related points that a learner might make but is not an exhaustive list. Nor is it a model answer. Learners may make some or none of the points included in the indicative content as its purpose is as a guide for the relevance and expectation of the responses. Learners must be credited for any appropriate response.

2. Levels-based descriptors:

Each level is made up of a number of traits which when combined together articulate the quality of response that a learner needs to demonstrate. The traits progress across the levels to demonstrate the different expectations of each level. When using a levels-based mark scheme, the 'best fit' approach should be used.

Applying the levels-based descriptors

Examiners should take a 'best fit' approach to determining the mark.

- Examiners should first make a holistic judgement on which level most closely matches the learner's response. Learners will be placed in the level that best describes their answer. Answers can display characteristics from more than one level, and where this happens markers must use any additional guidance (for example weighting of traits) and their professional judgement to decide which level is most appropriate.
- The mark awarded within the level will be decided based on the quality of the answer and will be modified according to how securely all traits are displayed at that level:
 - marks will be awarded at the top of that level if the learner has evidenced each of the descriptor traits securely.
 - where the response does not securely meet all traits, the marks should be awarded based on how closely the descriptor has been met.

Question Number	Answer	Mark																																																											
1 a)	<table border="1"> <thead> <tr> <th rowspan="2">Item description</th> <th rowspan="2">Number of candles purchased</th> <th colspan="2">Price for each candle</th> <th colspan="2">Total price</th> </tr> <tr> <th>(£)</th> <th>(p)</th> <th>(£)</th> <th>(p)</th> </tr> </thead> <tbody> <tr> <td>Scented candles</td> <td>250</td> <td>8</td> <td>50</td> <td>2 125</td> <td>00</td> <td>(1)</td> </tr> <tr> <td>Beeswax candles</td> <td>275</td> <td>3</td> <td>98</td> <td>1 094</td> <td>50</td> <td>(1)</td> </tr> <tr> <td colspan="2"></td> <td colspan="2">Total price</td> <td>3 219</td> <td>50</td> <td>(1 ECF)</td> </tr> <tr> <td colspan="2"></td> <td colspan="2">Discount (10%)</td> <td>321</td> <td>95</td> <td>(1 ECF)</td> </tr> <tr> <td colspan="2"></td> <td colspan="2">Subtotal</td> <td>2 897</td> <td>55</td> <td>(1 ECF)</td> </tr> <tr> <td colspan="2"></td> <td colspan="2">Delivery charge</td> <td>40</td> <td>00</td> <td></td> </tr> <tr> <td colspan="2"></td> <td colspan="2">Total to pay</td> <td>2 937</td> <td>55</td> <td>(1 ECF)</td> </tr> </tbody> </table>	Item description	Number of candles purchased	Price for each candle		Total price		(£)	(p)	(£)	(p)	Scented candles	250	8	50	2 125	00	(1)	Beeswax candles	275	3	98	1 094	50	(1)			Total price		3 219	50	(1 ECF)			Discount (10%)		321	95	(1 ECF)			Subtotal		2 897	55	(1 ECF)			Delivery charge		40	00				Total to pay		2 937	55	(1 ECF)	(6)
Item description	Number of candles purchased			Price for each candle		Total price																																																							
		(£)	(p)	(£)	(p)																																																								
Scented candles	250	8	50	2 125	00	(1)																																																							
Beeswax candles	275	3	98	1 094	50	(1)																																																							
		Total price		3 219	50	(1 ECF)																																																							
		Discount (10%)		321	95	(1 ECF)																																																							
		Subtotal		2 897	55	(1 ECF)																																																							
		Delivery charge		40	00																																																								
		Total to pay		2 937	55	(1 ECF)																																																							

Question Number	Answer	Mark
1 b)	<p>Award one mark for a correctly given reason.</p> <ul style="list-style-type: none"> Keeps a record of the sale (1) Shows that a product was provided at a certain time (1) Helps with bookkeeping/reporting for tax (1) To check against payments received. (1) <p>Accept any other appropriate response.</p>	(1)

Question Number	Answer	Mark
1 c)	<p>Award one mark for a correct impact, and one mark for a justification of that impact, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • It would delay the cash inflows into the enterprise (1) because it would have to go back to ask for more money/reissue the invoice (1) • Sales revenue would be lower than it should be (1) because the enterprise would not have received the correct money for a sale (1) • Reputation of the enterprise may be damaged (1) and so the enterprise may lose customers/future sales (1) <p>Marking points may be reversed/given in any order. Accept any other appropriate response.</p>	(2)

Question Number	Answer	Mark
2 a)	<p>Award one mark for each correctly given budget, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Capital expenditure (1) • Cash (1) • Labour (1) • Marketing/promotion (1) • Overheads (1) • Production (1) • Purchases/materials (1) • Revenue/sales. (1) <p>Accept any other appropriate response.</p>	(2)

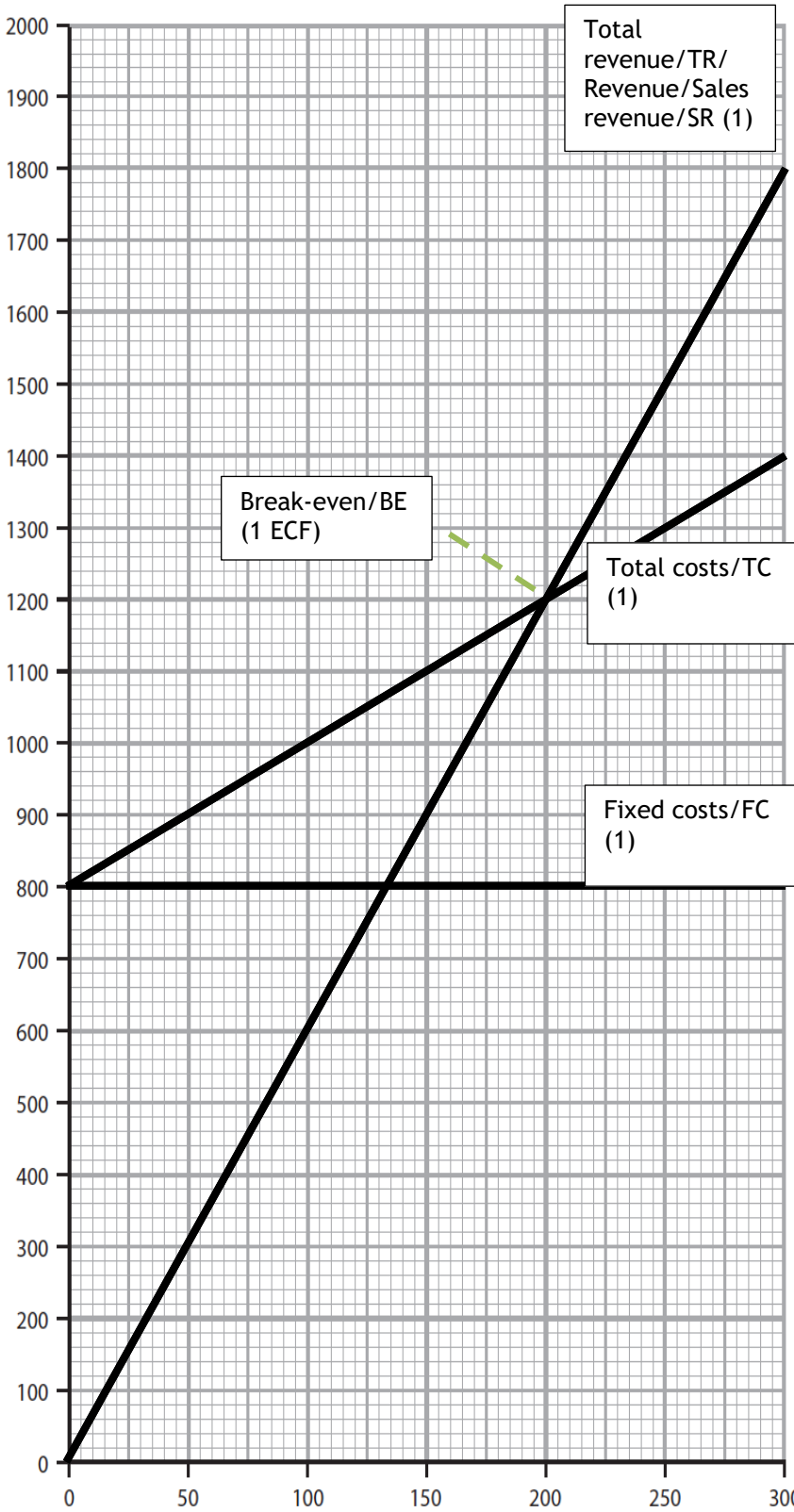
Question Number	Answer	Mark
2 b)	<p>Award one mark for each correctly given advantage, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Defers payment/could help with cash flow (1) • Can be used to make online/telephone payment (1) • Helps with budgeting (1) • Could earn rewards/cashback. (1) <p>Marking points may be reversed/given in any order. Accept any other appropriate response.</p>	(2)

Question Number	Answer	Mark
2 c)	<p>Award one mark for a correct impact, and one mark for a justification of that impact, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • It would need to have safe storage (1) because holding cash would make the enterprise more attractive to thieves (1) • It would need to have a float (1) because change may need to be given for payments made (1) • Its employees would need cash handling skills (1) because they would have to ensure that the correct payment/change is given. (1) <p>Marking points may be reversed/given in any order. Accept any other appropriate response.</p>	(2)

Question Number	Answer	Mark
2 d)	<p>Award one mark for a correct way, and one mark for a justification of that way, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Increase selling price (1) so that the enterprise could make more revenue for each item sold (1) • Reduce selling price (1) which could create/increase demand (1) • Increase promotion/advertising (1) which could increase sales. (1) <p>Marking points may be reversed/given in any order. Accept any other appropriate response.</p>	(2)

Question Number	Answer	Mark
3 a) (i)	<p>Award one mark for each correctly given asset, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Equipment (1) • Debtors (1) • Inventory. (1) <p>Accept any other appropriate response.</p>	(2)

Question Number	Answer	Mark
3 a) (ii)	<p>Award one mark for a correctly given liability.</p> <ul style="list-style-type: none"> • Overdraft (1) • Utility bills (1) • Creditors. (1) <p>Accept any other appropriate response.</p>	(1)

Question Number	Answer	Mark
3 b)	<p data-bbox="288 237 1214 338">Award one mark for each correctly drawn and labelled line, and one mark for correctly labelled break-even point, up to a maximum of four marks.</p>  <p data-bbox="288 1966 1182 2056">If lines have been plotted incorrectly the mark for the break-even point can be awarded if the learner identifies this point as the intersection of the TR and TC lines.</p>	(4)

Question Number	Answer	Mark
3 c)	<p>Award one mark for a correct advantage and one mark for a justification of that advantage, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Segmentation identifies a target market (1) and so could allow an enterprise to focus its promotions/promote to consumers with specific needs and wants (1) • Segmentation targets specific consumers (1) and so it could help an enterprise to gain a competitive advantage/gain more customers. (1) <p>Marking points may be reversed/given in any order. Accept any other appropriate response.</p>	(2)

Question Number	Answer	Mark
4 a)	<p>Award one mark for a correct advantage and one mark for a justification of that advantage, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Increases sales opportunities (1) as it could reach a global audience (1) • Allows the enterprise to compete with other businesses (1) as customers could place orders 24/7 (1) • Could better target the customer/better targeted inventory (1) as it could use data gathered through tracking customer purchases. (1) <p>Marking points may be reversed/given in any order. Accept any other appropriate response.</p>	(2)

Question Number	Answer	Mark
4 b)	<p>Award one mark for identification of an advantage and one mark for a linked development of that advantage, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Customers could view the products as more prestigious/desirable/better quality (1) so more could be sold (1) • Higher prices are charged (1) which means a greater profit could be made/higher profit margins (1) • It increases brand value (1) which could increase interest in the enterprise as a whole/gives the enterprise a competitive advantage (1) <p>Marking points may be reversed/given in any order. Accept any other appropriate response.</p>	(2)

Question Number	Answer	Mark
4 c)	<p>Award one mark for each correct way, and one mark for a justification of each way, up to a maximum of four marks.</p> <ul style="list-style-type: none"> • Suppliers need their goods to be paid for on time (1) so want to know the liquidity/cash flow of the enterprise (1) • Suppliers rely on the enterprise to buy their products (1) so want to know if the enterprise will continue to trade/need their products in the future (1) • Suppliers need to decide whether to offer trade credit/supply goods on credit to an enterprise (1) and so will want to assess its financial health/stability. (1) <p>Marking points may be reversed/given in any order. Accept any other appropriate response.</p>	(4)

Question Number	Answer	Mark
5 – Synoptic question	<p>Responses will be credited according to the learner’s demonstration of knowledge and understanding of the material, using the indicative content and level descriptors below.</p> <p>The indicative content that follows is not prescriptive. Responses may cover some or all indicative content, but learners should be rewarded for other relevant responses.</p> <p>Indicative content</p> <p>Advantages of leasing</p> <ul style="list-style-type: none"> ● Leasing avoids a large outlay of cash that could cause cash flow problems for a new enterprise. <i>HD Candles Ltd</i> may not have a large amount of cash available but could afford smaller monthly lease payments. ● Leasing allows <i>HD Candles Ltd</i> to choose an appropriate van that would be immediately available for use in return for smaller monthly payments. ● Tax is not paid on the monthly payments if it is a company expense. ● Known financial commitment/amount/can budget to pay the fees each month. ● Leasing makes it easier to exchange/get a more up-to-date van at the end of the contract – no need to sell one to get another. ● Some lease packages allow the option of purchasing the van with an additional final payment. ● A brand-new van would have less chance of maintenance/repair issues than if they can afford to purchase a second-hand van only. ● If Hani shuts down <i>HD Candles Ltd</i>, they will be able to negotiate to cancel the leasing contract and won’t be left with a van they need to sell. <p>Disadvantages of leasing</p> <ul style="list-style-type: none"> ● As <i>HD Candles Ltd</i> is a new enterprise it will be more difficult to get a lease because the enterprise will not have a credit history and could not complete a credit check; therefore the finance house cannot guarantee it will make the monthly payments. ● <i>HD Candles Ltd</i> is less than three years old so it might be asked to produce additional paperwork over and above what a more established enterprise may need. ● <i>HD Candles Ltd</i> may be asked to pay a larger deposit because it is only in its second year. ● The van will never be owned/become an asset/increase the net worth of <i>HD Candles Ltd</i>. 	(6)

	<ul style="list-style-type: none"> Leasing is a long-term expense that can turn out to be considerably more expensive than, e.g. buying. May not be able to brand/repaint/use logos/decals on the van without permission from the leasing company, which limits its usefulness as an advertising tool when driven around/parked in the town centre. Excessive wear or damage will be charged for, which would be an additional cost/would lower profits. There is a risk in taking out a lease as the enterprise may not be successful and Hani may wish to return the van, but penalty fees would be charged if <i>HD Candles Ltd</i> wanted to exit the lease early. 	
--	--	--

Level	Mark	Descriptor
	0	No rewardable material
1	1–2	<ul style="list-style-type: none"> Demonstrates isolated knowledge and understanding, there will be major gaps or omissions. Few of the points made will be relevant to the context in the question. Limited discussion which contains generic assertions rather than considering different aspects and the relationship between them.
2	3–4	<ul style="list-style-type: none"> Demonstrates some accurate knowledge and understanding, with only minor gaps or omissions. Some of the points made will be relevant to the context in the question, but the link will not always be clear. Displays a partially developed discussion which considers some different aspects and some consideration of how they interrelate, but not always in a sustained way.
3	5–6	<ul style="list-style-type: none"> Demonstrates mostly accurate and thorough/detailed knowledge and understanding. Most of the points made will be relevant to the context in the question, and there will be clear links. Displays a well-developed and logical discussion which clearly considers a range of different aspects and considers how they interrelate, in a sustained way.

Question Number	Answer	Mark																																				
6 a)	<p>Award one mark for each correct response, up to a maximum of three marks.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">Cash flow forecast for <i>HD Candles Ltd</i></th> </tr> <tr> <th style="width: 30%;"></th> <th style="width: 15%;">June (£)</th> <th style="width: 15%;">July (£)</th> <th style="width: 15%;">August (£)</th> </tr> </thead> <tbody> <tr> <td colspan="4">CASH INFLOWS</td> </tr> <tr> <td>Total inflows</td> <td style="text-align: right;">5 400</td> <td style="text-align: right;">5 400</td> <td style="text-align: right;">(iii) 5 200 (1)</td> </tr> <tr> <td colspan="4">CASH OUTFLOWS</td> </tr> <tr> <td>Total outflows</td> <td style="text-align: right;">6 850</td> <td style="text-align: right;">(ii) 5 77 (1)</td> <td style="text-align: right;">7 250</td> </tr> <tr> <td>Net cash flow</td> <td style="text-align: right;">(1 450)</td> <td style="text-align: right;">(375)</td> <td style="text-align: right;">(2 050)</td> </tr> <tr> <td>Opening balance</td> <td style="text-align: right;">(i) 1 200 (1)</td> <td style="text-align: right;">(250)</td> <td style="text-align: right;">(625)</td> </tr> <tr> <td>Closing balance</td> <td style="text-align: right;">(250)</td> <td style="text-align: right;">(625)</td> <td style="text-align: right;">(2 675)</td> </tr> </tbody> </table>	Cash flow forecast for <i>HD Candles Ltd</i>					June (£)	July (£)	August (£)	CASH INFLOWS				Total inflows	5 400	5 400	(iii) 5 200 (1)	CASH OUTFLOWS				Total outflows	6 850	(ii) 5 77 (1)	7 250	Net cash flow	(1 450)	(375)	(2 050)	Opening balance	(i) 1 200 (1)	(250)	(625)	Closing balance	(250)	(625)	(2 675)	(3)
Cash flow forecast for <i>HD Candles Ltd</i>																																						
	June (£)	July (£)	August (£)																																			
CASH INFLOWS																																						
Total inflows	5 400	5 400	(iii) 5 200 (1)																																			
CASH OUTFLOWS																																						
Total outflows	6 850	(ii) 5 77 (1)	7 250																																			
Net cash flow	(1 450)	(375)	(2 050)																																			
Opening balance	(i) 1 200 (1)	(250)	(625)																																			
Closing balance	(250)	(625)	(2 675)																																			

Question Number	Answer	Mark
6 b)	<p>Award one mark for a correctly given way.</p> <ul style="list-style-type: none"> • Reduce the amount of money spent/find cheaper suppliers/decrease outflows (1) • Increase selling prices/sell more/increase inflows. (1) <p>Accept any other appropriate response.</p>	(1)

Question Number	Answer	Mark
6 c)	<p>Award two marks for the correct response.</p> <p>Working capital = 4 050 (2) CAO</p> <p>Award full marks for correct numerical answer without workings.</p> <p>OR</p> <p>If the answer is incorrect, award one mark for showing the correct workings in either words or numbers:</p> <p>Current assets – current liabilities OR 7 450 – 3 400 (1)</p>	(2)

Question Number	Answer	Mark
6 d) (i)	<p>Award one mark for a correct disadvantage, and one mark for a justification of that disadvantage, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • The enterprise will need to buy more inventory (1) but it may not have enough capital to do so/which may cause cash flow problems (1) • The enterprise may need to employ/train more staff with different skills to make/sell the new product range (1) which will increase costs/reduce profits (1) • The enterprise may need to increase display space for the new product range (1) which means that the shop may look cluttered/the enterprise may need to look for bigger premises. (1) <p>Marking points may be reversed/given in any order. Accept any other appropriate response.</p>	(2)

Question Number	Answer	Mark
6 d) (ii)	<p>Award one mark for a correct risk and one mark for a justification of that risk, up to a maximum of two marks.</p> <ul style="list-style-type: none"> • Penetration pricing could lead to insufficient income (1) that might not be sustainable/might not cover the costs of producing a new product range (1) • A low initial price can create an expectation of permanently low prices (1) therefore customers may not be happy/the reputation of the enterprise may be affected when the price is increased in the future (1) • Customers may think a low price for the new product range means lower quality (1) if it does not match with the current strategy of pricing/current image of the enterprise. (1) <p>Marking points may be reversed/given in any order. Accept any other appropriate response.</p>	(2)

Question Number	Answer	Mark
7 a)	<p>Award one mark for each advantage, and one mark for a justification for each advantage, up to a maximum of four marks.</p> <ul style="list-style-type: none"> • Provides a positive association for the brand (1) which should enhance brand values/enhance its profile in the area (1) • It can set the enterprise apart from its competitors (1) and so could attract new customers who want to buy products and services from an environmentally friendly enterprise (1) • Using environmentally friendly processes/reducing waste/recycling may cut costs/save money for the enterprise (1) which may increase profits. (1) <p>Marking points may be reversed/given in any order. Accept any other appropriate response.</p>	(4)

Question Number	Answer	Mark
7 b) – Synoptic question	<p>Responses will be credited according to the learner’s demonstration of knowledge and understanding of the material, using the indicative content and level descriptors below.</p> <p>The indicative content that follows is not prescriptive. Responses may cover some or all indicative content, but learners should be rewarded for other relevant responses.</p> <p>Indicative content</p> <p>Advantages of print advertising using flyers</p> <ul style="list-style-type: none"> • Could be produced by Hani or their employees. • <i>HD Candles Ltd</i> is a new enterprise/may not have a large amount to spend, and this method does not require a large outlay of cash. • Can be distributed locally in the town centre where the shop is located. • Can be seen by a large number of people in the town centre. • Easy to read. • Visually appealing as can use text and images. • Can include a lot of information on the candle-making workshops and encourage people to participate. • Flyers encourage footfall into the shop which may be beneficial for selling luxury scented candles. <p>Disadvantages of print advertising using flyers</p> <ul style="list-style-type: none"> • As <i>HD Candles Ltd</i> sells luxury candles, flyers may not match well with the customer perception of the enterprise. • <i>HD Candles Ltd</i> advertises itself as environmentally friendly and so distributing paper flyers will not fit with its image. 	(6)

- May look unprofessional/ruin brand image unless printed professionally/ using recyclable materials.
- May be regarded as junk/not considered to be important and so the advertising message is lost.
- Discarded flyers could be damaging to the environment, which could damage the reputation of the business.
- No guarantee that the shoppers in the town centre will be interested in candle making – hard to target.
- Costs – print and distribution.
- If Hani changes any details such as pricing due to changes in the cost of supplies/staffing etc. or the timing of the classes, the current flyers will have to be discarded and new flyers printed.
- People are unlikely to become repeat customers of the workshops as they would have now learned how to make candles, so the activity of flyering would need to be repeated regularly, which incurs more cost/creates more possible waste.

Advantages of digital advertising using social media

- Could be produced by Hani or their employees.
- Can connect with large numbers of people instantly.
- Free to create/cost effective for a small/new enterprise which may have low cash flow.
- Can attract attention.
- Encourages sharing.
- Increases brand awareness which can increase the sales of a small enterprise.
- Hashtag campaigns can reach a wide audience.
- Allows *HD Candles Ltd* to find information on its followers and can gather data, e.g. on number of 'likes'.
- Can be updated regularly.
- Can be repeated regularly.

Disadvantages of digital advertising using social media

- Social media takes a lot of skill, time and expertise to maintain that Hani or their employees might not have.
- Choice of social media platform will need to be chosen carefully/could affect success as different platforms attract different audiences.
- Although the promotion may have a high number of views these people may be unable to attend the workshops as they are at work/college and the classes are held on weekday afternoons.
- The enterprise is offering a local face-to-face service. Social media may be seen by a lot of people, but they may not live in the local area so could not attend the workshops.
- Target market may not use social media and so may not see the adverts.

	<ul style="list-style-type: none"> • To maintain an interactive social media presence is time intensive. As <i>HD Candles Ltd</i> is a micro-business/has limited resources it might be difficult to devote the needed resources to social media. • Social media content will have to be regularly refreshed/monitored and so incurs a cost. • This is a new service which may have teething issues. Negative posts about the workshops or the candles made in them can damage the reputation of the enterprise. Whilst satisfied customers may leave glowing reviews, unhappy ones can leave angry rants. • The enterprise is in a competitive market (scenario) and digital advertising can easily be seen by competitors. 	
--	--	--

Level	Mark	Descriptor
	0	No rewardable material
1	1–2	<ul style="list-style-type: none"> • Demonstrates isolated elements of knowledge and understanding, there will be major gaps or omissions. • Few of the points made will be relevant to the context in the question. • Limited evaluation which contains generic assertions leading to a conclusion that is superficial or unsupported.
2	3–4	<ul style="list-style-type: none"> • Demonstrates some accurate knowledge and understanding, with only minor gaps or omissions. • Some of the points made will be relevant to the context in the question, but the link will not always be clear. • Displays a partially developed evaluation which considers some different competing points, although not always in detail, leading to a conclusion which is partially supported.
3	5–6	<ul style="list-style-type: none"> • Demonstrates mostly accurate and thorough/detailed knowledge and understanding. • Most of the points made will be relevant to the context in the question, and there will be clear links. • Displays a well-developed and logical evaluation which clearly considers different aspects and competing points in detail, leading to a conclusion that is fully supported.

For information about Pearson Qualifications, including Pearson Edexcel, BTEC and LCCI qualifications visit qualifications.pearson.com

Edexcel and BTEC are registered trademarks of Pearson Education Limited

Pearson Education Limited. Registered in England and Wales No. 872828
Registered Office: 80 Strand, London WC2R 0RL.

VAT Reg No GB 278 537121

Cover image © Nitat Termmee/Getty Images



Publication code:
VQ000053