



Edexcel A-level Business exam practice answers

How your exams are marked

Questions worth 1 or 2 marks test your knowledge. Aspects of definitions will earn a mark each. These answers show these as a [1] for each aspect that would earn a mark.

Questions worth 3 to 7 marks will earn marks for each of three skills: knowledge, application of knowledge, and analysis of the question. These answers indicate how these skills can be shown for each question.

Questions worth 8 or more marks test four skills: knowledge, application, analysis and evaluation (your ability to make a supported judgement). These are marked using a levels of response grid – this asks the examiner to judge how well you have shown all four skills in your response. Top-level answers will:

- ‘show accurate and thorough understanding throughout, using the business context’
- ‘use well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s)’
- ‘use information well to support judgements, showing a full awareness of the validity and significance of competing arguments/factors’.

As a guide:

- for questions worth 8–10 marks, develop two arguments fully before making a judgement
- for questions worth more than 10 marks, develop three arguments before making a judgement.

These answers will indicate points on which valid arguments can be developed and suggest typical ways to demonstrate all relevant skills for the question asked.



6: Raising finance

- 1 (a) (i) Cash inflow – cash outflow [1]
(ii) (2,000) [1]
- (b) (i) Opening balance + monthly balance [1]
(ii) (2,200) [1]
- (c) (i) Cash inflow minus monthly balance [1]
(ii) (2700) [1]
- (d) (i) Previous month's closing balance carried forward [1]
(ii) (2,000) [1]
- 2 (i) Possible benefits include: [1 mark per benefit]
- Helps to raise finance by showing potential sources
 - Ensures Phoebe has carefully considered potential problems
 - Phoebe has a reference point to maintain a clear sense of direction
 - Phoebe has some quantitative targets to aim for
- (ii) Each of these benefits is relevant to Phoebe as she has no previous experience of running a business and needs to raise finance, notably by arranging an overdraft with the bank. [1]
- 3 Possible issues to raise: [10]
- Phoebe's lack of experience may have made it more sensible to find a partner, or shareholders.
 - Phoebe discovered cases where tanning salons had been sued for damages. Without limited liability she may lose personal assets if this happens to her salon.
 - Phoebe has been able to raise the finance required without selling shares or finding a partner. However, the cash flow forecast suggests more capital would have been useful in avoiding negative closing balances.