



## ***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.



## 7: Financial planning

- 1 (a) (i) Formula: Fixed costs / (selling price – variable cost per unit) [1]  
(ii) Correctly selects the right figures: £24,000 / (£24 – £8) [1]  
(iii) Correct answer: 2,000 units per month [1]
- (b) (i) Formula: (Contribution per unit × sales volume) – Fixed costs [1]  
(ii) Correctly selects the right figures: (£12 × 1,600) – £24,000 [1]  
(iii) Correct answer: £19,200 – £24,000 = loss of £4,800 [1]
- (c) (i) Formula (1): Expected sales – break-even output [1]  
(ii) Correctly selects the right figures: 3,000 – 2,000 [1]  
(iii) Correct answer: 1,000 units per month [1]
- 2 (i) Possible factors include: [1  
mark  
per  
factor]  
• Changing consumer tastes  
• Economic changes  
• Actions of competitors  
• Possible lack of experience in this market as it is a new business start-up
- Explanation [1]
- 3 Key issues: [10]  
• Break-even will help to identify whether the new opportunity is viable.  
• Break-even can form the basis for sales targets for the new business.  
• Break-even can be used to help in decision-making by asking ‘what if’ questions in case things do not go to plan.  
• Accurate information on price and costs can be harder to gather for a new business start-up.  
• Using the results of question 1 to build an argument is a valid way to use context to support arguments.