Pearson Edexcel

Business Advanced Level

Exam Short 2023 | Sunderland Furniture Centre
Mark Scheme

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Question Number	Indicative content	Mark
1	**Knowledge 1, Application 3** Quantitative skills assessed: **QS2:** calculate, use and understand percentages and percentage changes **QS6:** calculate investment appraisal outcomes and interpret results **QS9:** interpret, apply and analyse information in written, graphical and numerical forms **Knowledge: 1 mark** for identifying the formula for calculating average rate of return: • average annual return/initial cost x 100 **Application: up to 3 marks** = Total return = £2,720,000 - £800,000 = £1,920,000 = Average annual return = £1,920,000/ 4 = £480,000 = Average rate of return = (£480,000 / £800,000) x 100 = 60% **NB:** if the answer is given as '60%' award 4 marks	**(4)**

Question Number	Indicative content	Mark
2	**Knowledge 1, Application 3** Quantitative skills assessed: **QS2:** calculate, use and understand percentages and percentage changes **QS6:** calculate investment appraisal outcomes and interpret results **QS9:** interpret, apply and analyse information in written, graphical and numerical formss **Knowledge: 1 mark** for identifying the formula for calculating net present value: • Total discounted net-cash flows - cost of investment **Application: up to 3 marks** = Calculation of discounted net-cash flows (Year 0= (£800,000), Year 1 = £361,760, Year 2 = £526,060, Year 3 = £673,920, Year 4 = £806,540) = Total discounted cash flows = £2,368,280 = Net present value = £2,368,280 = £800,000 = £1,568,280 **NB:** if the answer is given as '£1,568,280' award 4 marks	**(4)**

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