

REVISE BTEC TECH AWARD Enterprise

PRACTICE ASSESSMENTS Plus⁺

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Introduction

This book has been designed to help you to practise the skills you may need for the external assessment of BTEC Tech Award In Enterprise, Component 3: Marketing and Finance for Enterprise.

About the practice assessments

The book contains four practice assessments for the component. Unlike your actual assessment, the questions have targeted hints, guidance and support in the margin to help you understand how to tackle them.



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pages XX

links to relevant pages in the Pearson Revise BTEC Tech Award Enterprise Component 3 Revision Guide so you can revise the essential content. This will also help you to understand how the essential content is applied to different contexts when assessed.

Hint

to get you started and remind you of the skills or knowledge you need to apply.



Prepare

to help you on how to approach a question, such as making a brief plan.

LEARN IT!

to provide content that you need to learn such as a definition, rule or formula.

Watch out!

to help you avoid common pitfalls.



Explore

to remind you of content related to the question to aid your revision on that topic.



Time it!

for use with the final practice assessment to help you become familiar with answering in a given time and ways to think about allocating time for different questions.

There is space for you to write your answers to the questions within this book. However, if you require more space to complete your answers, you may want to use separate paper.

There is also an answer section at the back of the book, so you can check your answers for each practice assessment.

Check the Pearson website

For overarching guidance on the official assessment outcomes and key terms used in your assessment, please refer to the specification on the Pearson website. Check also whether you must have a calculator in your assessment.

The practice questions, support and answers in this book are provided to help you to revise the essential content in the specification, along with ways of applying your skills. Details of your actual assessment may change, so always make sure you are up to date on its format and requirements by asking your tutor or checking the Pearson website for the most up-to-date Sample Assessment Material, Mark Schemes and any past papers.

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A small bit of small print

Pearson publishes Sample Assessment Material and the specification on its website. This is the official content and this book should be used in conjunction with it. The questions have been written to help you test your knowledge and skills. Remember: the real assessment may not look like this.

Practice assessment 1

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

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

Climate Solutions

Sam has started a micro enterprise called *Climate Solutions*. She has received a grant of £10 000 from an organisation to develop a board game.



Sam produced the board games by hand and there are two versions: one for children and one for adults. The board games are produced and packaged using recycled materials. The game introduces the effects of climate change and suggests actions to reduce its impact.

Scenario

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Prepare

When reading through a scenario, using the initial letters of the word CUBE is a helpful way of collecting your thoughts together:

Circle the command verb.

Underline key information in the question.

Box key information in the scenario.

Ensure you read each question at least twice before answering.

Hint

You will use the information in this scenario to help you answer the questions on pages 2–14.

Hint

The questions that follow will require you to show your understanding of enterprise, as well as to complete some calculations on aspects such as financial statements, cash flow and break-even analysis.

Practice assessment

1



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Prepare

Invoices show the names of the supplier and the customer. Read the document and the question carefully to make sure you identify the enterprises correctly.

Hint

Complete in this case means you need to carry out the necessary calculations to fill in the invoice. You need to calculate:

- the total price of the children's board games
- the total price of the adult's board games
- the total of both of these board games
- the percentage discount from this total
- the subtotal having deducted the discount
- the total to pay.

LEARN IT!

To calculate a percentage discount, you need to convert the percentage to a decimal (by dividing the number by 100). So $5\% = 5/100 = 0.05$. Then multiply this by the total price.

LEARN IT!

To calculate the subtotal, you need to deduct the discount from the total price of the board games. Remember, a discount is subtracted from the total price. However, if the question was for you to work out VAT @ 20% you would need to **add** this on to the total price.

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

6 marks

Customer Order

Customer: The Game Store

Loyalty status: 5% discount

Order:

- 8 children's board games at £20.00 each
- 6 Adult board games at £30.00 each

Figure 1

Invoice		Date		24 th January 2022	
Name of enterprise		Invoice number		73564/98	
Customer name and address: The Game Store Tylers Hill Grenlingham GR4 6EX					
Qty	Description	Unit price		Total price	
		£	p	£	p
8	Children's board game	20	00	.....	..... (1)
6	Adult's board game	30	00	.....	..... (1)
		Total price		.....	..... (1)
		Discount (5%)		.....	..... (1)
		Subtotal		.....	..... (1)
		Delivery charge		25	00
		Total to pay		.....	..... (1)

- (b) (i) Give **one** reason why it is important for a customer to receive an invoice.

.....

.....

1 mark

- (ii) Explain **one** advantage for a supplier of sending invoices to its customers.

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2 marks

Total for Question 1 = 9 marks

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Hint

Give means you simply write down the answer. You do not need to give an explanation.

Hint

Explain means you have to make a statement and then expand on its meaning.

Watch out!

Read all the information in the question carefully. Here you are asked to give one advantage to the supplier, not to the customer, so make sure you do this.

Practice assessment

1



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LEARN IT!

There are two types of budgets: **expenditure** and **revenue**. Expenditure are budgets that the enterprise has to spend money on and revenue budgets are those that bring money into the enterprise.

Hint

Here you need to give two distinct answers, as indicated by the numbering.

Sam has been advised to create expenditure and revenue budgets for *Climate Solutions*.

- 2 (a) Give the names of **two** expenditure budgets that an enterprise could create.

2 marks

1

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2

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- (b) Give **two** advantages to an enterprise of creating an expenditure budget.

2 marks

1

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2

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Many of Sam's customers pay their invoices using direct debit.

- (c) Explain **one** impact on an enterprise of allowing customers to pay by direct debit.

2 marks

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Sam has noticed that the costs to make the board games are rising.

- (d) Explain **one** impact that an increase in costs could have on an enterprise.

2 marks

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Total for Question 2 = 8 marks

Watch out!

The question asks the **impact** on an enterprise, not the customer. Make sure you read the questions thoroughly before answering.

Hint

Here you need to correctly identify the impact and then explain why this is the case. You can use connecting words like 'because' or 'so' to help you.

Practice assessment

1



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Hint

Be clear and concise in short answers.

Hint

Give precise answers that use correct terminology and language from the specification.

LEARN IT!

Fixed costs are those that do not change depending on how many board games are produced.

LEARN IT!

Variable costs do change depending on how many board games are produced.

Climate Solutions has both fixed and variable costs.

- 3 (a) (i) Give **two** examples of fixed costs.

2 marks

1

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2

.....

- (ii) Give **one** example of a variable cost.

1 mark

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.....

Figure 2 shows some costs and revenue information for *Climate Solutions*.

Sam wants to calculate the number of adult board games that *Climate Solutions* needs to sell to break even each week.

Costs and revenues for adult board games each month				
Number of board games	0	10	20	30
Total revenue	£0	£300.00	£600.00	£900.00
Fixed Costs	£300.00	£300.00	£300.00	£300.00
Variable costs	0	£100.00	£200.00	£300.00
Total costs	£300.00	£400.00	£500.00	£600.00

Figure 2

(b) Using the data in **Figure 2**, draw and label a 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 marks



Prepare

Practise sketching and labelling a break-even chart. This will help you remember the names of the lines.

LEARN IT!

Break-even analysis shows how many products an enterprise needs to sell before it makes a profit. At the break-even point, total costs equal total revenue. Any sales after this point generate a profit.

Hint

Draw your chart on the graph paper on the next page.

Practice assessment

1



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Hint

The fixed costs do not change, so these should always be a horizontal line on your graph. In this question, it will be a horizontal line at £300 and go all the way along the graph paper.

Hint

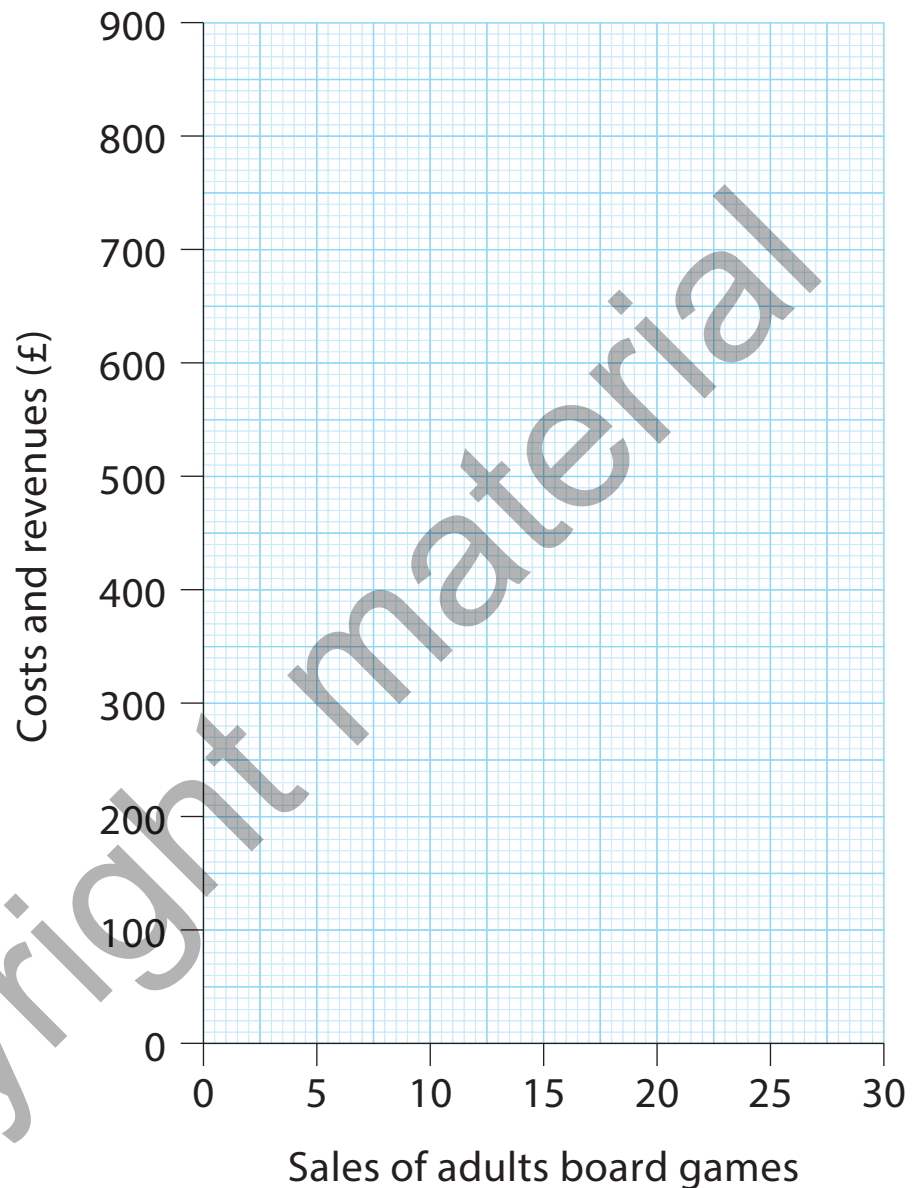
Use a ruler and a fine-nibbed pen to help you draw the lines accurately. Make sure you label everything it tells you in the question, otherwise even if the lines are correct, if they are not labelled you will not get the marks.

Watch out!

Read the information you have been given carefully. You can check where the break-even point will be by looking at the table to see where the total revenue starts to become more than the total costs.

LEARN IT!

The break-even point is where the total revenue line bisects the total cost line.



When Sam started the enterprise, she had to research the target market.

- (c) Explain **one** advantage to an enterprise of knowing the target market.

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2 marks

Total for Question 3 = 9 marks



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Prepare

In this two mark **explain** question, you need to outline the advantage to an enterprise and then justify the advantage by explaining why this is the case.

Hint

Look for the number of marks available for each question. If a question has multiple marks, one brief statement will not be enough to gain all the marks.

Practice assessment

1



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Hint

Marketing is used to increase customers, sales and awareness. However, you also need to explain this by stating how the marketing will do this. For example, increasing customers because of more adverts will mean more people may be persuaded to buy the products.

LEARN IT!

There are many different types of pricing strategies used by enterprises. Make sure you know what each of them are and the advantages and disadvantages of each.

LEARN IT!

Penetration pricing is when an enterprise enters the market with a low price and then over time increases the price.

Hint

Climate Solutions is an enterprise selling to another enterprise (a toy shop). Ensure you know how enterprises segment in business to business (B2B) markets. This could be on the size of the shops, the location of the shops etc

Sam wants to increase the marketing that she undertakes for *Climate Solutions*.

- 4 (a) Explain **one** advantage to an enterprise of increasing the marketing undertaken.

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2 marks

Sam currently uses a penetration pricing strategy.

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

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2 marks

Sam sells most of her board games to toy shops. Sam wants to segment the market.

- (c) Explain **two** ways an enterprise could segment a business-to-business market.

1

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2

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4 marks

Total for Question 4 = 8 marks

Sam has decided to develop some video content to promote *Climate Solutions* on social media. *Climate Solutions* is still a new enterprise. The videos will be a large expense, so *Climate Solutions* is considering getting a bank loan to pay for the video content to be produced.

- 5 Discuss the factors *Climate Solutions* needs to consider before deciding whether to use a bank loan as a source of finance for the video content.

6 marks

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Total for Question 5 = 6 marks



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Hint

Read the additional information carefully because it contains important points. In this case, you need to identify that the bank loan is a source of medium-term finance.

LEARN IT!

You will need to understand each of the different sources of finance and the advantages and disadvantages of each. This question is specifically related to *Climate Solutions*, so make sure all of your responses are in context.

Hint

Discuss means you need to consider the different aspects in detail, usually the advantages and disadvantages (in this case of using a bank loan for *Climate Solutions*) and how these relate to each other.

Hint

Make sure your answer refers specifically to the enterprise in the scenario.

Practice assessment

1



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Hint

In this case, **complete** means that you need to provide the missing information. An empty table will not get any marks, so fill in as much as you can even if you are not totally sure of the answer.

Hint

Remember, when completing a cash flow forecast, that the closing balance from one month is the opening balance of the following month.

Hint

Underline key words in the additional information, in this case 'negative net cash flow'. You need to show an understanding of the effect of this on an enterprise.

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

6 (a) Complete the cash flow forecast for January to March.

3 marks

	January £	February £	March £
Cash inflows			
Board games (children's version)	3250	3950	4000
Board games (adult version)	1450	1650	2225
Total inflows	4700	(i)	6225
Cash outflows			
Salary	2500	2500	2500
Purchase of equipment	1250	2575	0
Other costs	450	1825	2250
Total outflow	4200	6900	4750
Net cash flow	500	(ii)	1475
Opening balance	300	800	-500
Closing balance	800	-500	(iii)

The forecast predicts a negative net cash flow for February.

(b) State **one** effect of a negative cash flow on an enterprise.

1 mark

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Figure 3 shows an extract of the profit and loss statement (statement of comprehensive income) for *Climate Solutions*.

Extract from Profit and loss statement (statement of comprehensive income)	£
Revenue	30 000
Cost of sales	17 850

Figure 3

(c) Using the data in **Figure 3**, calculate the gross profit.

2 marks

Show your working.

Gross profit =

Climate Solutions has made two business decisions:

- to extend the product lifecycle of the adult board game by launching a luxury limited edition
- to use a premium pricing strategy for this luxury limited edition board game.



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LEARN IT!

Gross profit is calculated by taking the cost of sales away from the turnover.

LEARN IT!

Turnover and Revenue are the same thing.

Hint

Always show your working as you may gain a mark for this, even if your final answer is incorrect.

LEARN IT!

Premium pricing is when the price is higher than other competing products in the market.

Hint

Always double check what the question is asking for – this question asks you for a **disadvantage**.

Practice assessment

1



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Hint

The product lifecycle is the time from a product first being introduced to the market until it is removed from the market. It is usually broken down into five stages: introduction, development, growth, maturity, decline.

- (d) Explain **one** disadvantage to an enterprise of using a premium pricing strategy for a new product.

2 marks

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- (e) Explain **one** risk to an enterprise of not monitoring the product lifecycle.

2 marks

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Total for Question 6 = 10 marks

Climate Solutions has a reputation for helping their local community by donating board games to children's hospitals and youth clubs. This gives it an advantage as many customers are demanding enterprises that achieve social goals.

- 7 (a) Explain **two other** advantages to an enterprise of having a reputation for helping their local community.

4 marks

1

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2

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Watch out!

One advantage of helping the local community is already given in the question. Be careful not to repeat this as you will not gain any marks.

Hint

Explain two means that you need to state an advantage and then why it is an advantage to an enterprise. You need to do this twice, making sure you use different advantages and reasons why they are advantages for each answer.



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1



The limited edition luxury adult board game of *Climate Solutions* is more expensive than the standard product. Think about the characteristics of consumers who might purchase the more expensive version. Demographic characteristics include income, education and occupation.

Evaluate means you must explain the advantages and disadvantages of the two methods and come to a conclusion about which is the best method. Your response needs to be in the context of the limited edition luxury board game. Give a conclusion stating a reason about which method you think is best.

Your answer must focus on the enterprise in the scenario.

When considering the costs and benefits of a method of promotion, you must be clear about what the enterprise is trying to achieve by promoting its products.

- personal selling
- direct email marketing.

6 marks

Right material

Total for Question 7 = 10 marks

TOTAL FOR ASSESSMENT = 60 MARKS

Practice assessment 2

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

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

Nature's Jewellery

Sunita is the owner of a micro enterprise called *Nature's Jewellery*. They use metal and wooden materials to make Asian jewellery products aimed at young adults.



Scenario

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Prepare

When reading through the scenario, underline any key features or characteristics. You will be able to refer to these when answering some of the questions that follow.

Hint

It is always helpful to think about whether the enterprise is a new or established enterprise. What are the plans of the enterprise? Is the enterprise facing any issues or challenges? How could these issues affect future plans?

Hint

Consider the types of marketing activities that will be appropriate to the enterprise's specific circumstances. Note whether the enterprise is expanding into a new market. Or is it planning to launch a new product into its existing market? These details will be given in the opening to to each question.

Practice assessment

2



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Hint

Complete means drawing arrows to match each financial document to its purpose. Make sure it is clear to which boxes your arrow connects.

Watch out!

Read each box carefully before completing the diagram so you are clear on the purpose of each financial document.

LEARN IT!

You need to know the order in which sales and purchasing documents are processed. For example, when an enterprise purchases goods from a supplier, the first stage is to complete a purchase order.



Explore

It is a **legal requirement** to record accurate information in sales and purchasing documentation. This information is also used to prepare the main financial statements of the enterprise, including the profit and loss statement (statement of comprehensive income) and the balance sheet (statement of financial position).

Sunita is not sure about the purpose of different financial documents.

- 1 (a) Complete the diagram by drawing one arrow from each financial document to match its purpose. An example has been completed for you.

3 marks

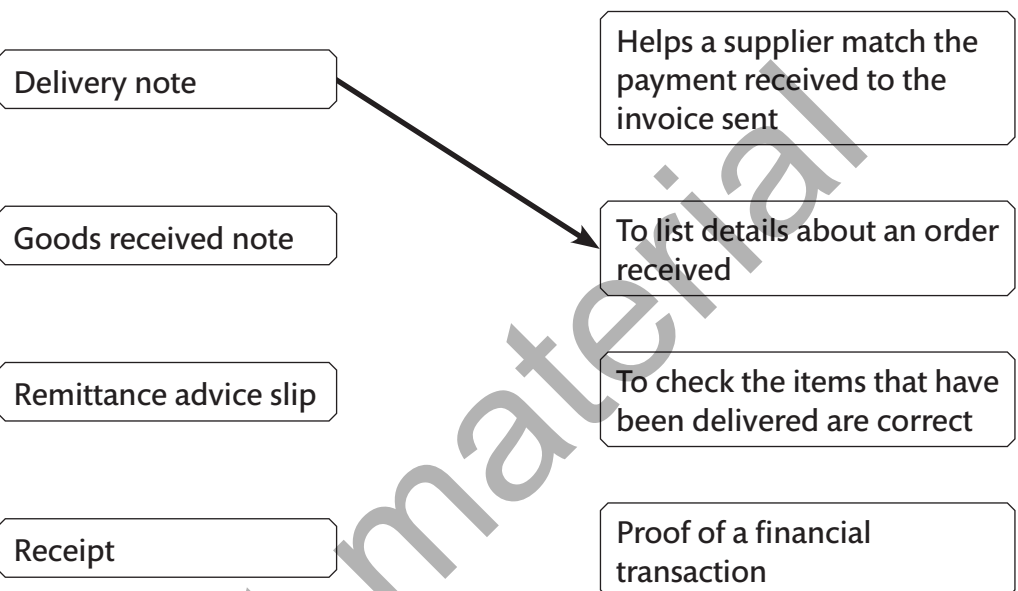


Figure 1 shows a statement of account for *Nature's Jewellery*.

Statement of account	Date	14 September			
Name of enterprise Fashion Accessories Keynsham Bredford BR5 7HJ	SOA number	34786524			
	Customer reference number	NJ1			
Customer name and address: Nature's Jewellery Unit 8 Copham Industrial Estate Northfield NR5 8RG					
Date	Description	Amount		Balance owing	
		£	p	£	p
01.02.22	Sale	375	00	400	00
05.02.22	Sale	225	00	625	00
11.02.22	Payment	450	00	175	00
18.02.22	Sale	200	00	375	00
23.02.22	Sale	150	00	525	00
25.02.22	Sale	200	00	725	00
Total due				725	00

Figure 1

- (b) (i) Identify how much Sunita owed the supplier by the end of February.

1 mark

.....

- (ii) Identify how much Sunita owed the supplier at the end of January.

1 mark

.....

- (iii) Identify how much Sunita paid the supplier during the month of February.

1 mark

.....

Hint

Identify means that you need to find the correct answer from the information you are given – in this case the statement of account.

Hint

Read each row of the statement of account carefully. Track what is happening to the balance owing figures.

LEARN IT!

A statement of account is a financial document that gives details of all transactions that have taken place between an enterprise and a customer over a given period of time.

Watch out!

The question asks about a month that is not showing on the statement of account. There is, however, a reason for this. The first row shows a sale for £375, but a balance owing of £400. There is therefore an amount that is outstanding from the previous month (January).

Practice assessment

2



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Hint

Give means you need to state a brief, precise answer that uses correct terminology and language from the specification.



Prepare

Make sure you know the features of sales and purchasing documents, so you can answer questions on them.

Hint

Think about the advantage of a statement of account for both the enterprise and customer. However, this question is asking only about the advantage to the supplier. Remember, statements of account show money owed, sales made and any credit.

Hint

Explain means you need to identify an advantage and then give a reason why it is an advantage.

Some of the supplies that Sunita ordered have not been delivered, so she has been overcharged on the supplier's invoice.

- (c) Give the name of the financial document that Sunita should ask the supplier for to correct this error.

1 mark

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.....

Sunita has received a statement of account from another supplier.

- (d) Explain **one** advantage, to a supplier, of sending statements of account to its customers.

2 marks

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Total for Question 1 = 9 marks