

Mark Scheme

Extra Assessment Material Set 1

Pearson Edexcel GCSE Business 1BS0/02
Paper 2 Building a business

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.
- Mark schemes will indicate within the table where, and which strands of QWC, are being assessed. The strands are as follows:
 - i) ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear*
 - ii) select and use a form and style of writing appropriate to purpose and to complex subject matter*
 - iii) organise information clearly and coherently, using specialist vocabulary when appropriate.*

Section A

Question number	Answer	Mark
1(a)	C	(1) AO1a

Question number	Answer	Mark
1(b)	D	(1) AO1a

Question number	Answer	Mark
1(c)	<p>Award 1 mark for identification of a drawback, plus 2 further marks for explaining this drawback up to a total of 3 marks.</p> <p>Between batches, machinery will need to be reset for the next batch (1) therefore causing workers to waste time (1). As a result, the cost of each item produced will increase (1).</p> <p>Batch production requires stocks of raw materials to be held (1) therefore more cash will be tied up in stock holding (1). Thus, less cash will be available to fund other projects within the business (1).</p> <p>Accept any other appropriate response. Answers that list more than one drawback with no explanation will be awarded a maximum of 1 mark.</p>	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
1(d)	<p>Award 1 mark for identification of a benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks.</p> <p>Loan capital allows large sums of capital to be accessed immediately (1) which will allow the business to exploit any gaps in the market it may have found (1). Therefore, allowing the business to increase its market share (1).</p> <p>Loan capital means that new shares do not have to be issued (1) which will result in owners not having to dilute their ownership of the business (1). Therefore, the business is less likely to be at risk of a takeover (1).</p> <p>Accept any other appropriate response. Answers that list more than one benefit with no explanation will be awarded a maximum of 1 mark.</p>	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
2(a)	B, C	(2) AO1a

Question number	Answer	Mark
2(b)	B, E	(2) AO1a

Question number	Answer	Additional guidance	Mark
2(c)	Substitution into correct formula: $((£500\,000 \div 5) \div £50\,000) \times 100 \text{ (1)}$ Answer: 200% (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
2(d)	<p>Award 1 mark for identification of an impact, plus 2 further marks for explaining this impact up to a total of 3 marks.</p> <p>This will require extra quality control checks (1) therefore workers will need to be trained to spot defects (1). Thus, the cost of producing each item will rise (1).</p> <p>This could differentiate the business' products (1) therefore the business could charge a premium price (1). This will result in an increase in sales revenue (1).</p> <p>Accept any other appropriate response. Answers that list more than one impact with no explanation will be awarded a maximum of 1 mark.</p>	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
2(e)	<p>Award 1 mark for identification of a disadvantage, plus 2 further marks for explaining this disadvantage up to a total of 3 marks.</p> <p>Raw materials may arrive late (1) therefore workers will not be able to produce products (1). As a result, the productivity of the business will fall (1).</p> <p>The wrong products may be delivered to customers (1). Therefore, the likelihood of repeat purchase will fall (1). This could result in the business facing a fall in future sales (1).</p> <p>Accept any other appropriate response. Answers that list more than one disadvantage with no explanation will be awarded a maximum of 1 mark.</p>	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
3(a)	D	(1) AO1a

Question number	Answer	Additional guidance	Mark
3(b)	Substitution into correct formula: 0.4 x £150 million (1) Answer: £60 million (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
3(c)	Award 1 mark for identification of a drawback, plus 2 further marks for explaining this drawback up to a total of 3 marks. The business will now face an extra tax on its imported raw materials (1). Therefore, the costs of the business will increase (1). As a result, the profitability from importing will fall (1). This will make it harder for the business to compete with businesses located abroad (1). As a result, the business will struggle to enter new markets (1). This will restrict the growth of the business (1). Accept any other appropriate response. Answers that list more than one drawback with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
3(d)	Award 1 mark for identification of a benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks. This will increase worker motivation (1) because workers will strive to meet their individual targets (1). This will increase worker productivity (1). Employees will work harder (1) because if they meet their individual targets they may get a bonus (1). As a result, customers are less likely to receive poor customer service (1). Accept any other appropriate response. Answers that list more than one benefit with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Indicative content		Mark
3(e)	<ul style="list-style-type: none"> This business will not have a common culture (AO1b). Workers could potentially lack direction (AO1b). This means that the workers are less likely to care about their work. This could lead to a fall in the quality of their work, reducing consumer satisfaction (AO3a). This could lead to lower worker motivation. This could cause a fall in productivity, which would cause the cost per unit to increase (AO3a). 		(6) AO1b=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	<ul style="list-style-type: none"> Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). 	
Level 2	3–4	<ul style="list-style-type: none"> Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). 	
Level 3	5–6	<ul style="list-style-type: none"> Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). 	

Section B

Question number	Answer	Mark
4(a)	<p>Award up to 2 marks for linked points outlining a suitable impact on <i>Netflix</i> from an increase in competition. Award a maximum of 1 mark if points are not linked.</p> <p><i>Netflix</i> may have to reduce its monthly subscription prices (1) in order to prevent subscribers switching to Amazon Prime (1).</p> <p><i>Netflix</i> may have to invest even more money in new programmes such as 'Stranger Things' (1). This will reduce <i>Netflix's</i> profitability (1).</p> <p>Do not accept an impact of increased competition that would not relate to <i>Netflix</i>. For example, they will now have to manufacture new products to become more competitive.</p>	(2) AO2

Question number	Indicative content	Mark
4(b)	<ul style="list-style-type: none"> <i>Netflix</i> can now take advantage of lower fixed costs than rivals such as itv1 (AO2). <i>Netflix</i> will now find it easier to sell its video streaming service in over 190 countries worldwide, since the internet is available in virtually every country (AO2). Therefore, <i>Netflix</i> will benefit from a lower break even point compared to rival companies (AO3a). Therefore, <i>Netflix</i> will be able to increase its revenues, since it can now be accessed by a global market of potential subscribers (AO3a). 	(6) AO2=3 AO3a=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).
Level 2	3–4	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).
Level 3	5–6	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).

Question number	Answer	Additional guidance	Mark
5(a)	Substitution into correct formula: $\$6\,779\,511 - \$4\,591\,476$ (1) Answer: $\$2\,188\,035$ (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Additional guidance	Mark
5(b)	Substitution into correct formula: $(\$402\,648 \div \$5\,504\,656) \times 100$ (1) Answer: 7.31%	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Indicative content	Mark
5(c)	<ul style="list-style-type: none"> The increase in price of £1.50 per month could cause consumers to switch to rival providers, such as Amazon Prime (AO2). By raising the price, each subscriber to the streaming service may generate more gross profit (AO2). This means <i>Netflix</i> may start to lose sales revenue and market share to its rivals (AO3a). This may provide <i>Netflix</i> with more retained profit to reinvest in extending its library of programmes (AO3a). 	(6) AO2=3 AO3a=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).
Level 2	3–4	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).
Level 3	5–6	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).

Question number	Answer	Mark
6(a)	<p>Award 1 mark for stating one benefit to <i>Netflix</i> from producing its 'own original streaming content'.</p> <p>May gain more subscribers (1). May gain a competitive advantage over Amazon Prime (1). It may make it harder for new video streaming service providers to enter the market (1).</p> <p>Accept any other appropriate response. Do not accept benefits that would not be appropriate for <i>Netflix</i>. For example, <i>Netflix</i> will be able to sell more products.</p>	(1) AO2

Question number	Answer	Mark
6(b)	<p>Award up to 2 marks for linked points outlining an advantage for <i>Netflix</i> of being a public limited company. Award a maximum of 1 mark if points are not linked.</p> <p><i>Netflix</i> can now issue more shares to raise capital, (1) therefore allowing it to fund expansion into China (1).</p> <p><i>Netflix</i> now has more credibility with banks (1) therefore it can borrow money more cheaply to fund new and original programmes (1).</p> <p>Do not accept advantages of being a public limited company that would not relate to <i>Netflix</i>. For example, <i>Netflix</i> is now protected if somebody sues them for injuring themselves.</p>	(2) AO2

Question number	Indicative content		Mark
6(c)	<ul style="list-style-type: none"> Increasing special offers will make <i>Netflix</i> appear better value than rival video streaming providers, such as Amazon Prime (AO2). This will make the service more attractive to Chinese consumers since they will now be able to stream films and programmes that are focused on China and do not have English as their main language (AO2). Therefore, Chinese consumers are more likely to start a trial subscription since it will only cost them a small amount of money in the short-term (AO3a). As a result, <i>Netflix</i> is more likely to have a service that meets customer needs, therefore enabling it to gain sales compared to domestic Chinese rivals (AO3a). However, without the correct video content, that meets the needs of the Chinese market, the special offers provided will have a limited impact on allowing <i>Netflix</i> to successfully enter the Chinese market (AO3b). However, there are other factors that are important in allowing <i>Netflix</i> to successfully enter the Chinese market. For instance, even if the product meets Chinese needs, if it is too expensive potential consumers will not choose to subscribe (AO3b). 		(9) AO2=3 AO3a=3 AO3b=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1-3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b). 	
Level 2	4-6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b). 	
Level 3	7-9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b). 	

Section C

Question number	Answer	Mark
7(a)	<p>Award 1 mark for a type of social media.</p> <p>Facebook (1) Instagram (1) Snapchat (1) Twitter (1) Pinterest (1)</p> <p>Award any other appropriate type of social media that a business could use.</p>	(1) AO1a

Question number	Answer	Mark
7(b)	September	(1) AO2

Question number	Answer	Mark
7(c)	<p>Award up to 2 marks for linked points outlining a reason why <i>Kylie Cosmetics</i> have chosen not to test its products on animals. Award a maximum of 1 mark if points are not linked.</p> <p>This makes the brand appear more ethical (1) therefore it makes its cosmetics more attractive to teenage girls (1).</p> <p>It reduces the likelihood of negative media attention (1) therefore reducing the chances of a damaging social media campaign that could reduce make-up sales (1).</p> <p>Do not accept reasons that would not be appropriate for <i>Kylie Cosmetics</i>. For example, to avoid protests from anti-fur protestors.</p>	(2) AO2

Question number	Indicative content		Mark
7(d)	<ul style="list-style-type: none"> Increasing advertising using social media will allow <i>Kylie Cosmetics</i> to interact with its target market of teenage girls (AO2). Limited-time product launches mean that girls will be worried that they may not be able to purchase the latest Kylie Jenner lip kit (AO2). Therefore, girls will be able to access beauty tips and find out the launch dates of <i>Kylie Cosmetics</i> products. Therefore, the target market will be more likely to purchase <i>Kylie Cosmetics</i> products, resulting in higher sales volumes (AO3a). Therefore, sales volumes will be high since the target market will not want to be disappointed since the products sell out quickly (AO3a). However, this relies on girls using social media to interact with Kylie Jenner and downloading her app. With so many other companies using social media, this form of advertising may become ineffective and sales may not increase by as much as expected (AO3b). However, some girls may become frustrated with the brand if they want to purchase the products, but cannot because they are constantly out of stock. Therefore, they may switch to rival make-up providers causing sales to fall (AO3b). 		(9) AO2=3 AO3a=3 AO3b=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1-3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b). 	
Level 2	4-6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b). 	
Level 3	7-9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b). 	

Question number	Indicative content	Mark
7(e)	<ul style="list-style-type: none"> • This provides <i>Kylie Cosmetics</i> with a clear set of consumers to focus on (AO1b). • This makes it easier for <i>Kylie Cosmetics</i> to produce products that meet customer needs (AO1b). • Therefore, Kylie can use her app to interact with the target teenage girl market allowing the company to strengthen its brand (AO2). • This will allow <i>Kylie Cosmetics</i> to introduce new ranges of make-up such as foundation and mascara that will suit the skin of teenage girls (AO2). • This allows <i>Kylie Cosmetics</i> to charge a premium price, resulting in higher profit margins on each item sold providing a competitive advantage (AO3a). • This will lead to an increase in the volume of products sold by <i>Kylie Cosmetics</i>, leading to increased sales revenues and larger market share, which will increase competitive advantage (AO3a). • However, teenage girls are less likely to repeat purchase since the market for cosmetics is very competitive and tastes and preferences in the teenage market can change rapidly reducing competitive advantage (AO3b). • However, the target market is teenagers who will have a much lower income than other market segments. Therefore, there is a limit as to how many make-up items a teenage girl can afford to purchase. This could reduce competitive advantage compared to a broader-focused company such as L'Oreal (AO3b). 	<p>(12) AO1b=3 AO2=3 AO3a=3 AO3b=3</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	<ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). • Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b).
Level 2	5-8	<ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). • Draws a conclusion based on sound evaluation of business information and issues (AO3b).
Level 3	9-12	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b).