

Mark Scheme

Extra Assessment Material Set 2

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)	D	(1) AO1a

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

Question number	Answer	Mark
1(c)	<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>The overseas market may be less competitive (1). Therefore, the business can charge a higher price (1). As a result, the net profit margin will be higher on each sale (1).</p> <p>The overseas market may be large (1). Therefore, the business can increase its global sales (1). Thus, allowing its brand name to become more internationally recognised (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
1(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>Improved technology will mean machines will become more productive (1). Therefore, the unit cost of production will fall (1). As a result, this will allow the business to charge more competitive prices (1).</p> <p>Technology allows businesses to connect with their customers more easily (1). Therefore, the business can receive instant feedback from them through social media (1). Thus, the business can respond by adapting its products to suit changing customer needs (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(a)	B, D	(2) AO1a

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

Question number	Answer	Additional guidance	Mark
2(c)	Substitution into correct formula: (£2 000 000 – £1 100 000) (1) Answer: £900 000 (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
2(d)	Award 1 mark for identification of a reason, plus 2 further marks for explaining this reason up to a total of 3 marks. Fringe benefits will motivate employees (1). Therefore, employees will work harder (1). As a result, productivity within the business will increase (1). This will make employees have a greater connection with the business (1). Therefore, employees are less likely to leave the business and work for a rival (1). Thus, the business does not have to keep re-training new employees (1). Accept any other appropriate response. Answers that list more than one reason with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
2(e)	Award 1 mark for identification of an advantage, plus 2 further marks for explaining this advantage up to a total of 3 marks. This may reduce pressure group activity (1) therefore, the business' brand may not be damaged (1). This may allow the business to maintain its market share (1). This could enhance the brand of the business (1) therefore, customers may be willing to pay a higher price (1). As a result, the business may gain a competitive advantage over its rivals (1). Accept any other appropriate response. Answers that list more than one advantage with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

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

Question number	Answer	Additional guidance	Mark
3(b)	Substitution into correct formula: $(£250\,000 + £450\,000 + £400\,000 + £800\,000) \div 4$ (1) Answer: £475 000 (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 benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks. Job rotation will make an employee's job more interesting (1). Therefore, employees will be more motivated (1). As a result, the business will produce fewer defective products (1). This will allow employees to carry out a greater variety of tasks within the business (1). Therefore, employees will be able to cover for absent colleagues (1). This should improve flexibility within the business (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	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. Employees will be able to give their manager feedback about anything that frustrates them (1). Therefore, employees will feel that they are being listened to (1). This will increase the loyalty employees have towards the business (1). Managers will get the opportunity to provide feedback to employees (1). Therefore, areas for improvement can be identified (1). As a result, productivity will increase (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"> • It gives the business the flexibility to employ specialist workers when needed on short-term contracts (AO1b). • Freelancers will have little loyalty to the business (AO1b). • This means that the business does not need to employ a full-time employee, allowing it to reduce its labour costs (AO3a). • Therefore, the quality of the work done by a freelancer may not be as good as a full-time employee As a result, brand loyalty could be damaged (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 reason as to why <i>Nando's</i> trialled its takeaway service in only 10 restaurants. Award a maximum of 1 mark if points are not linked.</p> <p><i>Nando's</i> wanted to test the service to see if customers liked it (1). Therefore, they could change the items on the menu before the service was launched throughout the UK (1).</p> <p><i>Nando's</i> would have wanted to see if the service was profitable (1). Therefore, the trial would tell them if it was worth the cost of extending kitchens to offer the new service (1).</p> <p>Do not accept a reason for the trial that would not relate to <i>Nando's</i>. For example, they wanted to see if people would come into the shop to buy the product.</p>	(2) AO2

Question number	Indicative content	Mark
4(b)	<ul style="list-style-type: none"> <i>Nando's</i> will now have a competitive advantage over other, rival restaurants such as Gourmet Burger Kitchen (AO2). <i>Nando's</i> will be able to increase its prices on its menu so that customers spend more on a main course (AO2). Therefore, more customers will now visit <i>Nando's</i> leading to an increase in sales revenue which will increase market share (AO3a). Therefore, <i>Nando's</i> will make higher profits on each meal sold, providing retained profits that it can use to fund further expansion (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: $(232 \div (232 + 62 + 286)) \times 100$ (1) Answer: 40% (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Additional guidance	Mark
5(b)	Substitution into correct formula: $286 \times \text{£}14.20$ (1) Answer: £4 061.20 (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Indicative content	Mark
5(c)	<ul style="list-style-type: none"> • <i>Nando's</i> could run out of important ingredients such as chicken breasts. (AO2). • <i>Nando's</i> will not be able to bulk-buy raw materials like PERi-PERi sauce (AO2). • Therefore, if demand increased suddenly on a Saturday night this could leave customers disappointed because there is no buffer stock. As a result, customers may choose to go to different restaurants instead (AO3a). • This will raise the cost of each meal resulting in a lower gross profit for each meal sold (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 factor that <i>Nando's</i> will consider in setting the prices for its takeaway menu.</p> <p>Costs of extending kitchens/employing new chefs/ingredients (1). The amount of competition in the local takeaway food market (1).</p> <p>Accept any other appropriate response. Do not accept factors that would not be appropriate to <i>Nando's</i>. For example, <i>Nando's</i> need to consider the cost of running its factory before it sets its prices.</p>	(1) AO2

Question number	Answer	Mark
6(b)	<p>Award up to 2 marks for linked points outlining a benefit to <i>Nando's</i> from using viral advertising. Award a maximum of 1 mark if points are not linked.</p> <p><i>Nando's</i> will be able to benefit from very low cost advertising (1), because the advertising message will be passed on through social media (1).</p> <p><i>Nando's</i> will benefit from advertising that spreads very quickly to its targeted market (1). This is because young people are more likely to use social media to share the viral campaign with multiple friends (1).</p> <p>Do not accept advantages from using viral advertising that do not relate to <i>Nando's</i>. For example, more people will aware of <i>Nando's</i> and will therefore buy one of their products.</p>	(2) AO2

Question number	Indicative content		Mark
6(c)	<ul style="list-style-type: none"> Developing an app will make it easier for customers to purchase PERi-PERi chicken since they will not have to phone the restaurant (AO2). This will make <i>Nando's</i> much more accessible to customers since the food is now delivered to the customers' home and customers do not have to visit the restaurant (AO2). Therefore, customers are more likely to use the service which will increase demand for <i>Nando's</i> takeaways. As a result, sales revenues will increase leading to a rise in profitability (AO3a). As a result, the home delivery service could add value to <i>Nando's</i>, allowing it to charge much higher prices for its food which should increase profitability (AO3a). However, the ordering app only improves the convenience to the customer by a small amount since they still have to visit the restaurant to collect their food. Therefore, the app may have a limited impact on <i>Nando's</i> sales revenue and profitability (AO3b). However, the home delivery service will be expensive to run and there will be a limit as to how far the food can be delivered before it gets cold. Therefore, this service could add to costs by more than it adds to revenue, causing profits 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). 	

Section C

Question number	Answer	Mark
7(a)	Award one mark for a correct definition of public limited company. This is a company whose shares are traded on a stock exchange (1).	(1) AO1a

Question number	Answer	Additional guidance	Mark
7(b)	Substitution into correct formula: $(£699.99 - £649.99) \div £699.99$ (1) Answer: 7.14% (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
7(c)	2015	(1) AO2

Question number	Indicative content		Mark
7(d)	<ul style="list-style-type: none"> • <i>GoPro</i> made net profits of \$36 million in 2015, which could be re-invested into the company to fund the development of new and innovative drones and cameras (AO2). • <i>GoPro</i> is a public limited company, therefore it could issue new shares to raise capital to fund the development of products in the fast-moving technology market (AO2). • Therefore, <i>GoPro</i> could use a cheaper internal source of finance to fund the new product range, since they will not have to pay any interest as they would with other sources of finance such as a bank loan. Therefore, there will be a smaller impact on profitability from this method of financing the new product development (AO3a). • Therefore, <i>GoPro</i> could issue shares to raise enough capital from shareholders to fund the new innovations and this would prevent the company from having to use more expensive sources of finance such as bank loans which will increase fixed costs (AO3a). • However, <i>GoPro</i> made a loss of \$116 million in 2016, so the amount of retained profit that the company has available to invest may be limited and may not be large enough to fund the new product range (AO3b). • However, the share price is falling, so the company may have to issue a large number of shares to generate enough share capital to fund the development of new products. This would upset shareholders since it would dilute their percentage ownership of the company (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"> • Function is important since the product should meet customer needs (AO1b). • Cameras are purchased for the quality and durability of their performance (AO1b). • This is especially the case in the extreme sports market where the cameras and drones need to be robust enough to withstand being hit by rocks etc. (AO2). • This is especially the case in extreme sports since customers will want a camera to record once in a lifetime experiences such as base-jumping in very high resolution as proof of their achievement (AO2). • Therefore, function gives <i>GoPro</i> its core competitive advantage since the durability of the cameras has led to the development of a strong brand which, in turn, enables the company to charge higher prices leading to an increased profit margin (AO3a). • This will lead to an increase in sales and market share since <i>GoPro</i> cameras will have a reputation for being better quality than the Chinese competition (AO3a). • However, since <i>GoPro</i> has a strong brand, aesthetics will also be important since image will also be a factor in the consumer's decision to purchase a camera, irrespective of how good the function of the product is (AO3b). • However, if <i>GoPro</i> focus mainly on function with little regard to cost, the price of the cameras may become too high. This may limit the size of the potential market, giving Chinese competitors, such as Xiaomi a competitive advantage (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).