GradeMax



Mark scheme Results

October 2021

Pearson Edexcel International Advanced Subsidiary
In Business (WBS12/01)
Unit 2: Managing Business Activities

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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.

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- 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.

Question	Answer	Mark
1(a)	**Knowledge 2** Up to 2 marks for defining the term 'competitive market', e.g. A large number of businesses compete with one another **(1)** to attract consumers to buy their goods and services **(1)**	**(2)**

Question	Answer	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS2**: Calculate, use and understand percentages and percentage changes **Knowledge** 1 mark for identifying the formula for percentage change: • Change/Original x 100 **(1)** **Application** Up to 2 marks for selecting the correct data from Extract B: • 3.9 - 5.7 **OR** -1.8 **(1)** **/** 5.7 **(1)** x 100 **Analysis** 1 mark for calculating the percentage change: • = -31.58% **(1)** **NB: If no working is shown, award marks as follows:** • If the answer given is -31.58% award 4 marks • If the answer given is -31.58 award 3 marks	**(4)**

Question	Answer	Mark
1(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for a definition, e.g. • Using resources so close to 100% **(1)** that they may be over-stretched **(1)** **OR** For stating up to two disadvantages, e.g. • Cannot respond to an increase in demand **(1)** • Insufficient time to train new employees **(1)** **Application** Up to 2 marks for answers contextualised to *Symington's*, e.g. • Supermarkets may demand higher volumes of dried noodles **(1)** • The number of employees has doubled from 400 five years ago **(1)** **Analysis** Up to 2 marks for reasons/causes/consequences for *Symington's*, e.g. • If employees and machinery are already working at full capacity, it will not be possible to increase production to meet higher levels of demand, possibly leading to a loss of sales **(1)** • New employees will need to be trained to operate machinery to produce the food products efficiently but they will not have time to train if they are already working 100% of the time on the production line, possibly leading to poor quality products **(1)**	**(6)**

Question	Indicative content
1(d)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • Sales forecasts are carried out by a business to calculate the level of stock, finance and employees needed • Unemployment is one of the economic variables that could affect sales forecasts and is the number of people unemployed but seeking employment • The rate of unemployment in the UK fell from around 5.7% in 2015 to 3.8% in 2019 • This means that more people in the UK will have a higher disposable income and so they are more likely to be able to afford to buy products like Mug Shot pasta or rice • As it sells convenience food products, *Symington's* sales may increase because people have less spare time when employed and so may prefer a quicker option for lunch • Therefore *Symington's* may need to amend its sales forecasts to account for higher sales of its products • However, the price of Mug Shot products is less than £1.00 and so they do not take a high proportion of a person's income. They could be classed as inferior goods • Consumers typically buy fewer inferior goods, such as the low-cost food products when employed, due to having a higher disposable income • Although it may be more of a factor for other products, food is a necessity and so the rate of unemployment may have little effect on the sales forecasts of a business such as *Symington's* • This is also true as the rate of unemployment was already low at 5.7% at the start of the period in question anyway and there has not been much of a change relatively speaking

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors.

Question	Indicative content
1(e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • Share capital is a source of finance raised by selling shares in a company • For a private limited company, such as *Symington's*, shares can only be sold privately to family, friends or employees • As a private limited company *Symington's* will have limited liability. This means the owners can only lose the money they have invested in the business and not their personal assets • The sale of shares can raise a large amount of finance for the business • This could have allowed *Symington's* to grow to employ twice as many people over the last five years and to operate from six sites across Yorkshire • Share capital does not normally need to be paid back and no interest is charged • Therefore *Symington's* can focus on production of its food products and expanding • However, some control of the business may be lost by the original owners as shareholders are able to have a say in how the company is run • Although the shareholders may also be the original owners and/or employees, reducing the possible problem of loss of control, it also means there may be a limit on the amount of finance that can be raised • Other methods of finance may be more appropriate, such as a bank loan • This will depend on how much money is required and how *Symington's* plans to grow • Overall, share capital can be the most appropriate method of finance but it does have limitations and may be more appropriate if used alongside other options

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–7	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	8–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question	Answer	Mark
2(a)	**Knowledge 2** Up to 2 marks for defining the term 'inflation', e.g. A general rise in the price level **(1)** over a period of time **(1)**	**(2)**

Question	Answer	Mark
2(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS1**: Calculate, use and understand ratios, averages and fractions **Knowledge** 1 mark for identifying the formula for acid test ratio: • Current assets - inventories ---------- **(1)** current liabilities **Application** Up to 2 marks for selecting the correct data from Extract D: • (47 900 + 31 500) – 31 500 **(1)** **----------** 18 000 **(1)** **Analysis** 1 mark for calculating the acid test ratio: • = 2.66 **(1)** **NB: If no working is shown, award marks as follows:** • If the answer given is 2.66 award 4 marks	**(4)**

Question	Answer	Mark
2(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for a definition, e.g. • Strategies used by businesses **(1)** to compete with their rivals **(1)** **OR** For stating up to two ways, e.g. • Marketing **(1)** • Product differentiation **(1)** **Application** Up to 2 marks for answers contextualised to motorcycle repair shops, e.g. • Some businesses put up posters or deliver leaflets across the city **(1)** • *Jetty Service Centre* charges an annual fee for unlimited repairs **(1)** **Analysis** Up to 2 marks for reasons/causes/consequences for motorcycle repair shops, e.g. • By making customers in different parts of be island aware of the business it may be able to attract more customers from its competitors **(1)** • As the annual fee is different to its competitors, *Jetty Service Centre* is differentiating what it offers to customers which might appeal more to them than competitors' services **(1)**	**(6)**

Question	Indicative content
2(d)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • Productivity refers to the output per input over time • By increasing productivity, *Jetty Service Centre*'s mechanics would be able to repair more motorcycles each day • The more productive the mechanics are, the more profit would be made by the service and repair shop • *Jetty Service Centre* may therefore be able to reduce prices/the fee charged for its annual scheme • As a result, it is more likely to attract customers, increase market share and therefore increase competitiveness • However, *Jetty Service Centre* trains its mechanics in an attempt to be more productive. The cost and time needed for this might outweigh the benefits of increased productivity • Safety is important when repairing motorcycles and so the repairs cannot be rushed. Increased competitiveness will only result if the work is done to a satisfactory standard • Competitors may be able to increase productivity as well, meaning that they can also reduce costs, especially if they are prepared to make only low profits for each repair • Although productivity may increase competitiveness, there may be other factors which might reduce the impact it has, such as if a cheaper supplier can be found or if the consumer wants to remain loyal to one particular shop

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors.

Question	Indicative content
2(e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • A cash-flow forecast is used to show the estimated cash inflows and outflows of a business • Even when sales appear successful, many businesses fail because they do not have enough cash with which to operate • A cash-flow forecast would help a business such as *Jetty Service Centre* to predict the amount of cash coming into and going out of the business • This could be particularly helpful because *Jetty Service Centre* operates a scheme where customers pay a fee each month, meaning the business has cash ahead of needing to carry out work and pay its mechanics • It could be useful because the parts needed for repairs are expensive and need to be transported to the island • It would therefore allow the motorcycle repair shop to estimate how much cash it had available to spend on parts and how much it had available to pay employees, based on fees paid by customers • It could be helpful should the business wish to apply for finance from a bank or other financial institution • However, the figures used in the forecast are based on estimates. As *Jetty Service Centre* will have to use previous years' data to prepare the forecast, it may be unreliable and could lead to poor decision making • Although inflation is currently low in the Maldives, this may not continue. External influences such as this may affect the estimated figures used by the motorcycle repair shop • As there is a high number of competitors operating in the motorcycle service and repair market on Male, it would be difficult to predict actions they may take which may affect the figures estimated on the cash-flow forecast • Both time and money would be needed in order to prepare a cash-flow forecast. These could be more effective if used to advertise the annual scheme offered • Overall, it may be useful to prepare a cash-flow forecast but it should be used cautiously and only as a guide. It is also important to remember that sales, costs and profits are other factors that can affect the success of a business

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–7	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	8–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question	Indicative content
3	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • Quality assurance is a commitment to quality by a business whereby it will aim to ensure problems are prevented at all stages of production. It focuses on preventing faults with products during production. It is process orientated and proactive • Quality control is where products are checked at the end of production to ensure they are suitable for consumption. Faults are detected and corrected if possible. It is therefore product orientated and reactive • Quality assurance means waste is reduced because faults can be corrected before the product has gone through the whole production process, unlike quality control • This would be particularly suitable for the advanced systems made by *Lena Lighting* as there could be high cost and time saving advantages to correcting any defects early in the process • As *Lena Lighting* can design light fixtures to suit individual customer requirements it can afford to spend time on checking individual stages of production and so quality assurance would be more beneficial • This is especially true in order to maintain its reputation in Western Europe and Scandinavia and to make the two-year warranty feasible • However, quality assurance can be expensive because it requires employees to be trained to conduct checks. This would be more of a problem for a business with a high staff turnover, such as *CF Fashions* • Quality assurance also requires employees to contribute towards and be responsible for quality. If employees are unhappy or feel undervalued, as they do at *CF Fashions*, they may not perform quality assurance appropriately • This may also be true of older businesses if employees are used to quality control methods being effective as they will be less likely to want to change to new procedures • Quality control does not interrupt the production process like quality assurance does. This could be more of a benefit to a business using mass production, such as *Mugz*, because it can produce a higher turnover. It has less concern over defects because sales of rejects can still be made to discount stores • Therefore, quality control may be more effective for businesses like *Mugz* and *CF Fashions*

	• Overall, quality assurance may be more effective in the long term as it can bring both cost and time savings to a business. However, in the short term it may be more expensive to train staff and to implement • It will depend on the nature of the business, the attitudes of employees and the type of products produced

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect causes and/or consequences.
Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented but connections between causes and/or consequences are incomplete. Attempts to address the question. A comparison or judgement may be attempted but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.