GradeMax



Pearson
Edexcel

Mark Scheme (Results)

Summer 2025

Pearson Edexcel International Advanced Subsidiary in Business (WBS12)

Paper 01: 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.

Question	Define the term ‘entrepreneur’. (Extract A line 4) **Answer**	**Mark**
1(a)	**Knowledge 2** Up to 2 marks for defining the term ‘entrepreneur’, e.g. An individual who takes a risk/has an idea **(1)** to start/run a business **(1)**	**(2)**

<table>
<tr><th>Question</th><td>Using the data above and the table below, construct a simple cash flow forecast for Pancong Maleleh for December 2023.

Answer</td><th>Mark</th></tr>
<tr><td>1(b)</td><td>
Knowledge 1, Application 2, Analysis 1

Quantitative skills assessed:

QS3: Construct and interpret a range of standard graphical forms

Knowledge

1 mark for identifying the opening balance:

• 10 850 (1)

Application

Up to 2 marks for selecting the correct data:

• Total cash inflows 2 100 (1)

• Net cash flow (530) (1)

Analysis

1 mark for calculating the closing balance:
• 10 320 (1)

<table>
<tr><th></th><th>November
Rp 000s</th><th>December
Rp 000s</th></tr>
<tr><td>Opening balance</td><td>10 000</td><td>10 850</td></tr>
<tr><td>Total cash inflows</td><td>4 200</td><td>2 100</td></tr>
<tr><td>Total cash outflows</td><td>3 350</td><td>2 630</td></tr>
<tr><td>Net cash flow</td><td>850</td><td>(530)</td></tr>
<tr><td>Closing balance</td><td>10 850</td><td>10 320</td></tr>
</table>
</td><td>(4)</td></tr>
</table>

Question	Analyse **two** limitations of using a cash-flow forecast for a business such as *Pancong Maleleh*. **Answer**	Mark
1(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining cash-flow forecast, e.g. • The predicted flow of cash into and out of a business **(1)** over a period of time **(1)** **OR** For stating up to two limitations, e.g. • The financial information is only based on estimates **(1)** • It takes time to prepare/update **(1)** **Application** Up to 2 marks for answers contextualised to a business such as *Pancong Maleleh*, e.g. • Total cash inflows of Rp 4 200 000 were only an estimate for *Pancong Maleleh* in November 2023 **(1)** • Ovan has no employees and has relied on friends in the past (**1)** **Analysis** Up to 2 marks for reasons/causes/consequences for a business such as *Pancong Maleleh*, e.g. • Therefore, the business may run into financial difficulties if fewer sales are made and less revenue is brought into the business **(1)** • This means that there is likely to be little time to focus on preparing cash-flow forecasts so they may be less accurate **(1)**	**(6)**

Question	Discuss the factors that could affect efficiency at *Pancong Maleleh*. **(8)** **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** • Efficiency can be achieved when a business makes the best use of its resources, such as using its labour, capital and materials as effectively as possible • As Ovan negotiated low-cost rent for the premises, *Pancong Maleleh* is able to keep overall costs down, one measure of an efficient business • The location, close to passing custom from the nearby train station, could indicate good transport links for buying the ingredients, such as pineapples and blueberries • Therefore, it may be cheaper and easier to source the ingredients, as well as attract an increased demand for the pancong • By making a standard pancong before adding the various fillings, resources can be used efficiently due to the repetitive nature of the production, allowing time to be minimised • This may reduce Ovan's need to hire employees, further reducing costs • However, by offering nine different fillings, there is a higher likelihood of some ingredients not being sold and therefore going to waste • This would be an inefficient use of resources as costs would be higher than needed to make the pancong that they sell • It is likely to take longer to source, purchase and prepare so many fillings, rather than if fewer fillings were on offer • Operating on the small scale indicated, it is unlikely *Pancong Maleleh* will benefit greatly from use of technology, thus possibly reducing efficiency

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	Assess the significance of price elasticity of demand (PED) for *Pancong Maleleh* when making decisions about the pricing of a pancong filled with durian fruit. **(10)** **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** • Price elasticity of demand (PED) measures the responsiveness of demand to a change in price and is measured by percentage change in quantity demanded divided by percentage change in price • A product is price elastic if the percentage change in demand is greater than the percentage change in price (has a value >1) and price inelastic if the percentage change in price is greater than the percentage change in demand (has a value <1) • As a number of customers have asked for durian to be made available as a filling, there may be a higher demand for it than the other fillings available • This would make a pancong filled with durian fruit more price inelastic and therefore total revenue may increase with a price that is Rp 3 000 higher than the normal price • Rp 13 000 is not likely to be a large percentage of income for many customers and so they may be willing to pay a higher price than for other fillings, especially if they are aware that durian is a more expensive fruit • This is because customers may not consider the other fillings to be exact substitutes • Advertising the health benefits of durian may help increase the inelasticity of a pancong with durian, meaning a higher price would be likely to increase total revenue • However, if a pancong with durian has an elastic PED, a higher price of Rp 13 000 is likely to reduce the demand by more than the additional revenue per unit sold, therefore reducing total revenue • As customers already have nine varieties of filling available, they may not be tempted by the new filling at a higher price when they can buy any of the original fillings for Rp 10 000 • Consumer tastes and habits may influence the elasticity of demand for the product, especially if the durian filling is seen to be popular with customers • It may depend whether customers can easily buy similar products elsewhere, as having the time and expense of having to travel to another town may make *Pancong Maleleh*'s version more price inelastic

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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 knowledge and understanding, supported 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	Define the term 'private limited company (Ltd)'. (Extract C, line 5) **Answer**	Mark
2(a)	**Knowledge 2** Up to 2 marks for defining the term 'private limited company (Ltd)', e.g. A form of business ownership **(1)** where the sale of its shares cannot be advertised/sold publicly **(1)**	**(2)**

Question	Using the data in Extract C, calculate to 1 decimal place, *Wilko*'s percentage decrease in gross profit from 2021 to 2022. **Answer**	Mark
2(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS2**: Calculate, use and understand percentages and percentage changes **QS5:** Calculate cost, revenue, profit and break-even **Knowledge** 1 mark for identifying the formula: • Change in gross profit/original gross profit x 100 **(1)** **Application** Up to 2 marks for selecting the correct data from Extract C: • £501.5m - £525.7m **(1)** / £525.7m **(1)** x 100 **OR** • £24.2m **(1)** / £525.7m **(1)** x 100 **Analysis** 1 mark for calculating the percentage decrease in gross profit: • = 4.6% **(1)** **NB: If no working is shown, award marks as follows:** • If the answer given is 4.6% award 4 marks • If the answer given is 4.6 award 3 marks	**(4)**

Question	Analyse **two** possible reasons why *Wilko*'s suppliers offered trade credit to *Wilko*. **Answer**	Mark
2(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining trade credit, e.g. • An agreement between purchaser and supplier **(1)** for payment to be made at some point after goods/services have been delivered **(1)** **OR** For stating up to two reasons, e.g. • To increase sales **(1)** • Customer loyalty **(1)** **Application** Up to 2 marks for answers contextualised to *Wilko* and/or its suppliers e.g. • *Wilko*'s revenue was over £1 bn in 2021/22 **(1)** • *Wilko* had been trading for more than 90 years **(1)** **Analysis** Up to 2 marks for reasons/causes/consequences for a *Wilko* and/or its suppliers, e.g. • Cash flow should improve due to trade credit, meaning *Wilko* would be more likely to buy from the suppliers offering it **(1)** • The risk of offering trade credit may not have seemed too big **(1)**	**(6)**

Question	Discuss whether the causes of *Wilko*'s business failure were likely to have only been external. **(8)** **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** • External causes of business failure include market conditions, economic factors, competition, interest rates and supplier problems • Several of these were stated to have caused the failure of *Wilko*, such as the rising cost of living, meaning some of the issues were out of the control of the business • The increasing rate of interest could have affected *Wilko* both in terms of customers having less disposable income to spend as well as causing its costs to increase for anything the business had purchased with a loan • Competitors of *Wilko* may have been able to remain in business by taking market share from *Wilko*, therefore creating an external cause of the business' failure • Market conditions are likely to have changed considerably over the 90+ years that *Wilko* had been trading, due to the dynamic nature of markets, so demand may have fallen for many of the goods sold by *Wilko* and/or customers may prefer not to visit high-street retail shops • However, as competitors selling discounted products did not have to stop trading, it is unlikely only external causes were the causes of *Wilko*'s failure • Poor management of cash flow, overestimation of sales or overtrading could have been a cause of *Wilko*'s failure given it had an annual revenue of over £1bn in 2021/22 • The indication is that supplier problems were a less likely cause due to the large amount of trade credit *Wilko* had at its time of closure

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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	Assess the benefits for *The Range* of operating an online business. **(10)** **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** • Online businesses trade via the internet, using electronic means of payment • *The Range* may benefit from operating an online business because it allows customers access from anywhere in the world, rather than just the local customers visiting its local high-street shops • As goods from other businesses can be shipped directly, less inventory can be held, meaning costs are likely to be low • This may have helped *The Range* to be in a financial position to buy branded goods from the failed *Wilko* shops • Costs are likely to be far lower than those of its high-street retail shops, due to the reduced need for employees • Due to the wider access to the market, *The Range*'s growing product availability and its online presence may continue to grow for many years, as may further growth of e-commerce and the number of internet users • However, competition from other businesses, such as the large and well-known online retailer, *Amazon*, is likely to be high, especially as the online retail market covers an extensive area • Online success for *The Range* could lead to an increase in the number of competitors • This could reduce the market share that *The Range* had built up by offering well-known branded *Wilko* products • Operating an online business, *The Range* may suffer from technical breakdowns and fraud • This could reduce the ability of *The Range* to remain successful but would depend on measures taken by the business to reduce these threats, such as employing technicians to tackle any issues

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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 knowledge and understanding, supported 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	Evaluate whether the rate of inflation or interest rates is likely to have a greater effect on *Slovnaft BAjk* (*SB*). **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** Rate of inflation • The rate of inflation is an economic variable showing the general rise in the price level of goods and services over time, expressed as a percentage • As a result of inflation *Slovnaft BAjk* may face higher costs to run the service • The most recent trend shows the rate of inflation decreasing from a high of 16.6% at the start of 2023, meaning higher costs paid by *Slovnaft BAjk* may not reduce profits as much as they did • This means that *Slovnaft BAjk* may not need to increase prices if it is able to maintain demand for its bicycle hire • A rate of 9.6% would still mean prices are more expensive and consumers could afford to buy fewer goods/services with the same amount of income, therefore, the demand is likely to be higher for cheaper means of transport, such as cycling • Commuters may be more likely to use the services of *Slovnaft BAjk* if it is a more affordable means of getting around the city than using public transport, taxis or even buying a car, especially if the price increases less • This means that demand for *Slovnaft BAjk*'s bicycles may increase, leading to higher revenue even without a price increase • However, *Slovnaft BAjk* may be able to increase the €9.00 daily charge without losing too much demand if it is mostly tourists who opt for this tariff • This is because it may still be the cheapest option at a time when the price of alternative means of transport used by tourists may be increasing • If *Slovnaft BAjk* has to pay higher interest rate charges, it may still need to increase the price of all rental durations in order to cover rising costs Interest rates • Interest rates are an economic variable which show the percentage charged on top of an amount borrowed or the percentage earned by savers • The increase in interest rates from 0% in May 2022 to 4.5% in September 2023 means that *Slovnaft BAjk* would need to pay higher charges for any borrowing of finance undertaken • This may be more likely as the business has purchased over 800 bicycles and has 128 docking stations to maintain • Therefore, *Slovnaft BAjk* may have reduced profits if it cannot pass on the additional cost to users of the bicycles

	• It may be difficult to increase the price of hiring the bicycles at a time when potential customers have higher costs to pay for any borrowing they have undertaken, such as for a mortgage • However, the higher cost of borrowing may mean it is more difficult for people to buy a car or even their own bicycle as a means of transport, therefore they are more likely to rely on the services of *Slovnaft BAjk*, especially as the price for annual use of the bicycles is only €38.40 • This is even more so the case, as the continued increase in interest rates may deter some people from making expensive purchases of their own as they may worry that the rate will increase higher than 4.5% • Tourists using the bicycles may not be affected as the Slovakian interest rates are less likely to impact their spending habits, unless they have led to a substantial change in the exchange rate • *Slovnaft BAjk* may benefit from the higher interest rate if it has retained profits earning interest in a bank account • Overall, it would depend on the amount of borrowing/saving by both *Slovnaft BAjk* and potential users of the bicycles as well as further changes in both the inflation and interest rates • The effect on *Slovnaft BAjk* is likely to depend on a number of other economic influences, such as the business cycle, taxation and government spending

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 knowledge and understanding, supported 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.

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