



Mark Scheme (Results)

Summer 2019

Pearson Edexcel GCSE Business (1BS0)
Paper 02 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.

Section A

Question number	Answer	Mark
1(a)	A – Cost	(1) AO1a

Question number	Answer	Mark
1(b)	B - Selling assets	(1) AO1a

Question number	Answer	Mark
1(c)	Award 1 mark for identification of a drawback, plus 2 further marks for explaining this drawback up to a total of 3 marks. All of the products may be made by different workers (1). Therefore, the products may not be identical (1). As a result, each product could be of differing quality (1). This method of production is slower than batch or flow (1). Therefore, productivity may be lower (1). As a result, the cost of producing each unit may rise (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
1(d)	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 be a source of differentiation (1). Therefore, the business may attract more customers (1). As a result, market share may increase (1). The business may be able to charge higher prices (1). This could increase the difference between revenue and cost (1). Therefore, the profit margin on each product may increase (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
2(a)	A - Application form B - CV	(2) AO1a

Question number	Answer	Mark
2(b)	C - Retraining employees E - Introducing new technology	(2) AO1a

Question number	Answer	Additional guidance	Mark
2(c)	Substitution into correct formula: $(£100\,000 \div £400\,000) \times 100$ (1) Answer: 25% (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 benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks. Suppliers are more likely to give the business discounts on raw materials (1). This means that the variable costs per unit may fall (1). Therefore, the profit made on each item may increase (1). Suppliers are likely to become more reliable (1). Therefore, supplies of raw materials are more likely to arrive on time (1). As a result, a business can now successfully operate a just in time stock control system (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
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 make the business appear more ethical (1). This may reduce pressure group activity (1). Therefore, the brand image of the business may improve (1). It is now less likely that the business will have to pay fines to the government for polluting the environment (1). As a result, the costs of the business may go down (1). This may make the business more competitive (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)	C - Tariffs	(1) AO1a

Question number	Answer	Additional guidance	Mark
3(b)	Substitution into correct formula: $((£1\,500\,000 - £750\,000) \div £750\,000) \times 100 (1)$ Answer: 100% (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 method, plus 2 further marks for explaining this method up to a total of 3 marks. The business could add extra features to the product (1). This may make the product more attractive (1). As a result, it will catch the customer's attention (1). The business could promote the product (1). This may give the product a better brand image (1). Therefore, it may be seen as more of a necessity compared to products made by other businesses (1). Accept any other appropriate response. Answers that list more than one method 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 barrier, plus 2 further marks for explaining this barrier up to a total of 3 marks. Using technical language or jargon (1). This may confuse employees (1). As a result, employees may not carry out a task correctly (1). Having too many layers in the hierarchy (1). This may mean that messages have to pass through too many employees (1). Therefore, it makes it difficult for the business to respond quickly to change (1). Accept any other appropriate response. Answers that list more than one barrier with no explanation will be	(3) AO1a=1 AO1b=2

	awarded a maximum of 1 mark.	
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Question number	Indicative content		Mark
3(e)	- Workers employed on permanent contracts are more likely to be feel secure in their job (AO1b). - Workers employed on permanent contracts are less likely to leave the business (AO1b). - Therefore, motivation may be higher, which may increase the productivity of the business. This will reduce the cost per unit (AO3a). - Therefore, the business may save money on recruiting and training new workers. This may allow money to be spent in other areas of the business to improve competitiveness (AO3a).		(6) AO1b=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	- 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	- 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	- 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)	Award up to 2 marks for linked points outlining a suitable method for <i>Mind Candy</i>. Award a maximum of 1 mark if points are not linked. <i>Mind Candy</i> could build extra features into existing games such as Moshi Monsters (1). This means that it would be more appealing compared to games such as Candy Crush (1). <i>Mind Candy</i> could make its games, such as Petlandia, available on more platforms (1). This would make it easier for more potential players to download the game (1). Do not accept a method that would not be appropriate to <i>Mind Candy</i>. For example, improving the packaging.	(2) AO2=2

Question number	Indicative content		Mark
4(b)	- This may make software developers that are still working for <i>Mind Candy</i> worried about keeping their jobs (AO2). - This may reduce <i>Mind Candy's</i> fixed costs since they no longer have to pay web designers a salary (AO2). - As a result, motivation of the remaining staff may fall. This could cause the quality of the apps and games produced to go down, reducing <i>Mind Candy's</i> competitive advantage (AO3a). - This may reduce cash outflows, which may reduce the likelihood of business failure since the cash saved could be used to meet existing cash outflows (AO3a).		(6) AO2=3 AO3a=3
Level	Mark	Descriptor	
		No rewardable material.	
Level 1	1–2	- 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	- 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	- 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: £30 560 692 - £22 190 385 (1) Answer: £8 370 307 (1)	Award full marks for correct numerical answer without working.	(2) AO2=2

Question number	Answer	Additional guidance	Mark
5(b)	Substitution into correct formula: (£22 190 385 ÷ £30 560 692) x 100 (1) Answer: 72.61% (1)	Award full marks for correct numerical answer without working.	(2) AO2=2

Question number	Indicative content		Mark
5(c)	• <i>Mind Candy</i> may have to abandon or reduce the development of new games and apps (AO2). • <i>Mind Candy</i> may have to reduce its workforce of web designers and software developers (AO2). • This may cut costs and cash outflows, reducing the likelihood of negative net cash flows. Therefore, improving the likelihood that <i>Mind Candy</i> may receive the £1.2 million investment that it needs to survive (AO3a). • This may make <i>Mind Candy</i> less attractive to the most highly-skilled software developers since there may be fewer opportunities to work on high-profile new games. (AO3a).		(6) AO2=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	• 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	• 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	• 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)	Award 1 mark for stating one drawback to <i>Mind Candy</i> of organic growth. Lack of cash, considering the company was making losses in 2013 (1). It is a slow method of growth in the games market (1). Accept any other appropriate response. Do not accept drawbacks of organic growth that would not be related to <i>Mind Candy</i>. For example, <i>Mind Candy</i> might struggle to come up with new products.	(1) AO2

Question number	Answer	Mark
6(b)	Award up to 2 marks for linked points outlining a method <i>Mind Candy</i> could use. Award a maximum of 1 mark if points are not linked. <i>Mind Candy</i> could send out emails to all of its past customers (1) since they would be part of the target market for Petlandia (1). <i>Mind Candy</i> could sponsor cartoons involving pets (1). This would make families more aware of the new app (1). Do not accept methods of promotion that would not be appropriate for <i>Mind Candy</i>. For example, promotions such	(2) AO2

Question number	Indicative content	Mark
6(c)	• <i>Mind Candy</i> could use the retained profit from its successful game Moshi Monsters to raise the £1.2 million required (AO2). • <i>Mind Candy</i> could issue more shares since there may be investors willing to take a risk and purchase these shares considering the company had a global hit game in 2012 (AO2). • This is because retained profit involves no borrowing from external sources. Therefore, it is a cheap method of raising the finance required since <i>Mind Candy</i> will not pay interest if it uses this source. As a result, fixed costs may be lower (AO3a). • The newly issued shares would be a low-risk method of raising finance for <i>Mind Candy</i>. This is because it would not involve debt or the cash flow commitment of having to repay bank loans with interest at specific points in time Therefore, <i>Mind Candy</i> can raise the finance needed without increasing the chances of failure (AO3a). • However, Moshi Monsters was a global hit in 2012 and the losses made in 2013 suggest that <i>Mind Candy</i> does not have £1.2 million of retained profit left in the form of cash to use. As a result, it is unlikely that this method of raising finance can be used (AO3b). • However, since the company made large losses in 2013, <i>Mind Candy</i> would have to issue a large number of shares to raise the extra £1.2 million. This may reduce the percentage ownership of the existing shareholders (AO3b).	(9) AO2=3 AO3a=3 AO3b=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	- 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	- 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	- 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 1 mark for a stage of the sales process. Product knowledge (1). Speed/efficiency of service (1). Customer engagement (1). Responses to customer feedback (1). Post-sales service (1).	(1) AO1a

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

Question number	Answer	Mark
7(c)	Award up to 2 marks for linked points outlining an advantage to <i>Sainsbury's</i> from improving its customer service. Award a maximum of 1 mark if points are not linked. This may make <i>Sainsbury's</i> more attractive than competitors such as Tesco (1). Therefore, it may gain more sales (1). People may be able to ask questions to shop floor workers about certain foods (1). This may make <i>Sainsbury's</i> customers more loyal (1). Do not accept advantages that would not relate to <i>Sainsbury's</i>. For example, more people may now choose to go there, improving <i>Sainsbury's</i> profits.	(2) AO2

Question number	Indicative content	Mark
7(d)	• Supermarket employees may gain more opportunities through being retrained. This may give them the option to work in other areas of the business such as unloading food or to use new technology such as automated checkouts (AO2). • Increasing wages by 4.4% may close the gap between the pay at <i>Sainsbury's</i> and other supermarkets such as Aldi to only 53p per hour (AO2). • This may make the job more interesting since it may give shop floor employees the ability to work in different parts of a <i>Sainsbury's</i> supermarket or allow them to develop new skills (AO3a). • This may improve motivation because working in a supermarket is relatively low paid. The increase in pay may allow workers to buy more necessities and satisfy their basic needs (AO3a). • However, retraining is more likely to benefit <i>Sainsbury's</i> than the employee. This is because the other jobs they may be trained to do within a supermarket may be at the same overall level of skill. Therefore, this may not result in increased motivation (AO3b). • However, the wage increase still only gives employees £8 per hour and their wage is still lower than that of equivalent workers at other supermarkets. As a result, motivation may not increase and it is likely that, if anything, the increase in wages simply prevents demotivation (AO3b).	(9) AO2=3 AO3a=3 AO3b=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	- 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
Level 2	4-6	- 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
Level 3	7-9	- 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)	• The Fairtrade scheme may allow the revenue from <i>Sainsbury's</i> own-branded products to increase (AO1b). • Abandoning the Fairtrade scheme and replacing it with its own 'Fairly Traded' scheme could cut costs (AO1b). • This is because ethically-minded consumers may appreciate that <i>Sainsbury's</i> are willing to pay extra to purchase ethically sourced crops and they are willing to pay a premium for their tea and coffee and other groceries to support this cause (AO2). • This is because <i>Sainsbury's</i> no longer have to pay higher prices for Fairtrade products such as tea and bananas (AO2). • Therefore, abandoning the Fairtrade scheme may give <i>Sainsbury's</i> the ability to cut prices in the very competitive UK grocery market. As a result, it is more likely to be able to compete on price against other supermarkets such as Aldi and Tesco. This may allow <i>Sainsbury's</i> to increase its market share and profit (AO3a). • Therefore, <i>Sainsbury's</i> may be able to operate a cheaper ethical scheme which they control and set the rules for, whilst still retaining a premium price for its own label groceries. This may allow larger profit margins on each grocery item sold (AO3a). • However, this depends on how consumers react to the abandonment of the Fairtrade scheme and the extent to which 'Fairly Traded' is seen as a viable replacement. <i>Sainsbury's</i> ethically-minded customers may decide to switch supermarkets causing revenues to fall by more than the reduction in costs. Therefore, profits may decrease rather than increase (AO3b). • However, this depends on the degree to which ethically-minded customers notice the change in the scheme and the degree to which it is publicised by the media. The fact that protests are taking place in London suggest this change may damage <i>Sainsbury's</i> brand image causing a fall in market share (AO3b).	(12) AO1b=3 AO2=3 AO3a=3 AO3b=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-4	• 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	• 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	• 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).

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