

Mark Scheme (Results)

Extra Assessment Material

Pearson Edexcel International Advanced
Subsidiary in Business (WBS12)

Unit 2: Managing business activities

Question	Answer	Mark
1(a)	<p style="text-align: center;">Knowledge 2</p> <p>Up to 2 marks for defining the term 'marketing', e.g.</p> <ul style="list-style-type: none"> The identifying and satisfying of customer needs (1) including the promoting and selling of products and services (1). <p>NB reward any other suitable alternative. Do not award marks for examples.</p>	(2)

Question	Answer	Mark
1(b)	<p style="text-align: center;">Knowledge 1, Application 2, Analysis 1</p> <p>Knowledge 1 mark for identifying a way, e.g.</p> <ul style="list-style-type: none"> By offering a different service to the competitors (1). <p>Application Up to 2 marks for contextualised answers, e.g.</p> <ul style="list-style-type: none"> <i>The Longhouse</i> offers free refreshments such as tea, coffee and drinking water (1). Hotels have different star ratings and facilities (1). <p>Analysis 1 mark for developing the reason, e.g.</p> <ul style="list-style-type: none"> Guests would be more likely to stay at the hotel that offers the most facilities (1). 	(4)

Question	Answer	Mark
1(c)	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge Up to 2 marks for defining a partnership e.g.</p> <ul style="list-style-type: none"> • A form of business in which two or more individuals contribute money, resources and skills (1) and share profits and losses in accordance with a partnership agreement (1). <p>OR</p> <p>For giving 2 reasons, e.g.</p> <ul style="list-style-type: none"> • The partners can have different skills (1). • The partners can share the responsibility of running the business (1). <p>Application Up to 2 marks for answers contextualised to <i>The Longhouse</i>, e.g.</p> <ul style="list-style-type: none"> • Riz and Liyanna studied different but complementary subjects at college (1). • <i>The Longhouse</i> has very flexible check-in times (1). <p>Analysis Up to 2 marks for a reason/cause/consequence for <i>The Longhouse</i>, e.g.</p> <ul style="list-style-type: none"> • Even though only a small business, <i>The Longhouse</i> still needs a combination of skills to run it and a partnership is more likely to have this combination (1). • The check-in desk has to be staffed between 7am and midnight; Riz and Liyanna can take different shifts to share the workload (1). 	(6)

Question	Indicative content	
1(d)	<p>Indicative content guidance</p> <p>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.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <ul style="list-style-type: none"> • Profit = Total revenue – total costs. • Stopping offering breakfast has reduced the variable costs for <i>The Longhouse</i> and so the contribution from each guest is higher than previously. • Therefore, the RM35 revenue per person is likely to lead to higher profits. • However, some guests may stay elsewhere if breakfast is offered at the competitor's hotels • Therefore, revenue might fall by a greater amount than the fall in costs. • This could lead to a fall in profits. 	
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)	<p>Indicative content guidance</p> <p>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.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <p>Quantitative skills assessed:</p> <p>QS2: calculate, use and understand percentages and percentage changes</p> <p>QS8: Use and interpret quantitative and non-quantitative information in order to make decisions</p> <ul style="list-style-type: none"> • Average occupancy rate before the tourist tax: $60\% \times 237,390 = 142,434$ rooms per night. • Average occupancy rate after the tourist tax: $50\% \times 237,390 = 118,695$ rooms per night. • The average occupancy rate of rooms may fall by 23,739 rooms per night across Malaysia due to the introduction of the tourist tax. • The fall in occupancy rate may affect <i>The Longhouse</i> even more because it is a budget hotel. An additional RM10 per night is likely to have more impact on budget travellers when they were only paying RM35 per person for the room before the tax. • Guest travelling on a tight budget may decide not to spend as long in Malaysia due to the higher cost of accommodation, this could result in fewer customers for <i>The Longhouse</i>. • However, $RM35 + RM10 = RM45$ is still a low rate to pay for accommodation compared to the five-star hotel options. • All rooms in Malaysia need to charge the RM10 per person per night tax. If the tourist wants to visit Malaysia, they will need to pay the tax whether staying at <i>The Longhouse</i> or elsewhere. • The new metro system is an additional benefit to travellers as it may make it easier, quicker and cheaper to get to <i>The Longhouse</i>. • Therefore the impact may be minimised by its convenient location. • It may depend on other economic influences, such as the rate of exchange of the Malaysian Ringgit to the domestic currency of the traveller.

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)	<p style="text-align: center;">Knowledge 2</p> <p>Up to 2 marks for defining the term 'competition', e.g.</p> <ul style="list-style-type: none"> The rivalry between businesses selling similar products (1) that target the same customers (1). <p>NB reward any other suitable alternative. Do not award marks for examples.</p>	(2)

Question	Answer	Mark
2(b)	<p style="text-align: center;">Knowledge 1, Application 2, Analysis 1</p> <p>Quantitative skills assessed: QS5: Calculate cost, revenue, profit and break-even.</p> <p>Knowledge 1 mark for identifying the correct formula:</p> <ul style="list-style-type: none"> Gross profit – operating expenses <p>Application Up to 2 marks for selecting the correct data from Extract C:</p> <ul style="list-style-type: none"> Operating profit = \$8 250 (1) - \$1 050 (1). <p>Analysis 1 mark for calculating the operating profit:</p> <ul style="list-style-type: none"> Operating profit = \$7 200 (1). <p>NB: If no working is shown, award marks as follows:</p> <ul style="list-style-type: none"> If the answer given is \$7 200 award 4 marks. If the answer given is 7 200 award 3 marks. 	(4)

Question	Answer	Mark
2(c)	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge Up to 2 marks for defining capacity utilisation e.g.</p> <ul style="list-style-type: none"> The percentage of total capacity (1) that is actually being used in a period (1). <p>OR</p> <p>For giving 2 ways, e.g.</p> <ul style="list-style-type: none"> Increase demand by reducing price (1). Extend the product range (1). <p>Application Up to 2 marks for answers contextualised to Arminda's pupusería, e.g.</p> <ul style="list-style-type: none"> Charge less than \$0.50/pupusa outside of the peak midday/early evening times (1). The grill needs to be kept hot all the time the pupusería is open (1). <p>Analysis Up to 2 marks for a reason/cause/consequence for Arminda, e.g.</p> <ul style="list-style-type: none"> With increased demand outside of the peak times, Arminda would be able to make better use of the hot grill (1). Therefore during quiet periods the hot grill can be used to cook other foods which could be sold later (1). 	(6)

Question	Indicative content	
2(d)	<p>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.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <ul style="list-style-type: none"> Flow production is associated with mass production where raw materials are transformed into a finished product via a continuous process. <i>Maizajo</i> supplies 35 restaurants with 250kg of tortillas a day, meaning it needs to produce a large number of tortillas from the maize. Flow production is a suitable method for producing a large quantity of tortillas as the continuous movement of the maize through the production process is likely to be efficient for <i>Maizajo</i>. This means that <i>Maizajo</i> do not have to stop production to change ingredients and therefore have greater production in a given amount of time. The process allows for tortillas to be produced 24/7 by a low skilled workforce which helps <i>Maizajo</i> to meet the demand from the restaurants. However, the work can be repetitive so the workers at the tortillería may be bored and lack motivation. The production machinery used to make the tortillas may not be easily changed if restaurants require a different size or type of tortilla, therefore it may not be easy to adapt to meet their needs. Using small-scale farms may cause problems if they cannot supply the maize on a continuous basis. 	
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)	<p>Indicative content guidance</p> <p>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.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <ul style="list-style-type: none"> • Break-even analysis is where variable and fixed costs are compared with sales revenue in order to determine the level of sales volume at which the business makes neither a profit nor a loss (the break-even point). • <i>Maizajo</i> is just a new business and it may find break-even analysis too time consuming or inappropriate for its needs, especially if changes are still occurring. • Break-even analysis assumes a constant price and constant variable cost. • This is particularly unrealistic when purchasing from many small-scale farms and selling to a competitive market like Mexico City where there are many restaurants. • If <i>Maizajo</i> were to change the price, there is no guarantee sales levels will remain the same, especially with external influences such as the number of tourists who visit the restaurants fluctuating. • Break-even analysis doesn't allow for waste if any of the tortillas are spoiled/unsold. • However, break-even analysis could be useful for <i>Maizajo</i> to identify how many tortillas it needs to sell in order to make a profit/not to make a loss. • <i>Maizajo</i> could make decisions about whether it needed to change the price of the tortillas by analysing the effect on break-even if sales fell from the current 250kg per day. • <i>Maizajo</i> would know how much the costs of supplying the 35 restaurants could change before it no longer made a profit. • Although not a precise method it can still be a useful aid to a business in decision making.

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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	<p>Indicative content guidance</p> <p>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.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <p>Crowd funding</p> <ul style="list-style-type: none"> • Crowd funding is a project to raise finance by a large number of people who each contribute a relatively small amount to the total. • Crowd funding is often done via the internet, possibly meaning extra support and awareness amongst a wider number of people. • Crowd funding can be a fast way to raise finance and has no initial fees to pay. This is useful for <i>Mossgiel Farm</i> as it is only a small family business. • Crowd funding has been very successful so far as <i>Mossgiel Farm</i> has raised £7 500 that it does not need to repay. • Crowdfunding is likely to be a more suitable source of finance as many small investors like the idea of an environmentally friendly project. • However, there is no guarantee the rest of the £10 000 target will be raised. This could result in any funds that have already been raised, being returned to the investors. • Raising finance through crowdfunding requires time to prepare the proposal but is dependent on the business skills of the management at <i>Mossgiel Farm</i>. These may not be the strongest skills possessed by a farming family. • Investors have less of an incentive to support the project because they have no say in the running of the business. Therefore Bryce may fall short of his target. <p>Business Angels</p> <ul style="list-style-type: none"> • Business angels are entrepreneurial individuals who provide capital in return for a proportion of the company equity. • They take a high personal risk in the expectation of owning part of a growing and successful business. • Business angels not only provide investment but also considerable knowledge and support for running a business. • An investment for £10 000 would not need to be repaid and could allow further finance to be raised in the future through this source. • However, it would mean <i>Mossgiel Farm</i> was no longer 100% owned by Bryce's family. • <i>Mossgiel Farm</i> is trying to provide environmentally friendly and sustainable milk to the local area. Business angels may not see this as a priority if they wanted to make changes to enhance their investment. • Bryce would need to provide a considerable amount of documentation to support the proposal. • Overall, it may depend on the financial status and business capabilities of <i>Mossgiel Farm</i>. • It may depend whether other investment opportunities are available to those considering making the investment, whether they are business angels or crowd funding investors. • Neither of these options may be the most suitable source of finance for these circumstances.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	<p>Isolated elements of knowledge and understanding.</p> <p>Weak or no relevant application of business examples.</p> <p>An argument may be attempted, but will be generic and fail to connect causes and/or consequences.</p>
Level 2	5–8	<p>Elements of knowledge and understanding, which are applied to the business example.</p> <p>Arguments and chains of reasoning are presented but connections between causes and/or consequences are incomplete. Attempts to address the question.</p> <p>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.</p>
Level 3	9–14	<p>Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.</p> <p>Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question.</p> <p>Arguments are well developed.</p> <p>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.</p>
Level 4	15–20	<p>Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.</p> <p>Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s).</p> <p>Arguments are fully developed.</p> <p>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.</p>