

# Mark Scheme (Results)

Summer 2015

GCE Business Studies (6BS02/01)  
Unit 2A: Managing the 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 Mark Scheme

Question Number	Answer	Marks
<b>1(a)</b>	<p>Robert Cairns, an operator of river cruises, has to raise £70 000 to meet working capital needs. One way of financing this is to</p> <p>Answer: <b>(A)</b> arrange an overdraft</p>	1
<b>1(b)</b>	<ul style="list-style-type: none"> <li>• An accurate definition or explanation of what is meant by working capital, e.g. working capital is finance needed for the day-to-day operation of the business (1mark).</li> <li>• An accurate definition of overdraft e.g. a loan facility allowing spending more than is in an account up to an agreed limit (1 mark)</li> <li>• Interest on an overdraft is charged only on the outstanding daily balance (1 mark)</li> <li>• An overdraft is a good way of financing working capital as it is flexible (1 mark)</li> <li>• e.g. cheques can be drawn on the account on a daily basis / monies can be paid into the account on a daily basis (1 mark)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• B is wrong because increasing customer credit terms gives clients longer time to pay their bills</li> <li>• C is wrong because an increase in stock will incur extra expenditure</li> <li>• D is wrong because paying back loans will mean a money outflow which leads to a reduction in his working capital</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation</b></p>	<p>1-3 marks</p> <p><b>(Total 4)</b></p>

Question Number	Answer	Marks
<b>2(a)</b>	<p>B &amp; A Scaffolding rented out crash barriers for the London 2012 Olympics. When the Olympics ended B &amp; A Scaffolding analysed its performance.</p> <p>Its favourable profit variance was <b>most likely</b> due to</p> <p>Answer: <b>(C)</b> a greater value of orders than predicted</p>	1
<b>2(b)</b>	<ul style="list-style-type: none"> <li>• Definition of profit variance e.g. the difference between the actual profit and the budgeted profit (1 mark)</li> <li>• C is correct because the value of hire revenue has increased more than the increase in costs (1 mark)</li> <li>• I.e. 0.7 is greater than 0.5 respectively (1 mark)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong because if other crash barrier suppliers reduce their prices B &amp; A Scaffolding might have fewer orders than predicted (1 mark)</li> <li>• B is wrong because this would mean less orders/lower revenues than predicted (1 mark)</li> <li>• D is wrong because costs were higher than predicted/£500,000 more than predicted (1 mark).</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation</b></p>	<p>1-3 marks</p> <p><b>(Total 4)</b></p>

Question Number		Marks
<b>3(a)</b>	<p>A Regus survey of 4,000 UK companies found that 80% of companies offered flexible working to their employees.</p> <p>Flexible working is <b>most likely</b> to lead to a decrease in</p> <p>Answer: <b>(C)</b> Labour Turnover</p>	1
<b>3(b)</b>	<p><b>Explain why this answer is correct:</b></p> <ul style="list-style-type: none"> <li>• Definition of flexible working – employees have choice over how/when/where they work by arrangement/agreement with the company OR definition of labour turnover – the proportion of a workforce who leave within a specified time period (1 mark)</li> <li>• This might make employees feel valued/happier (1 mark)</li> <li>• Which would therefore reduce the number of employees who choose to leave (1 mark)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong because employee morale is likely to increase because employees are more motivated/have more choice over working conditions (1 mark)</li> <li>• B is wrong because productivity is likely to increase because employees will work harder when they are given more choice over their working conditions/more motivated (1 mark)</li> <li>• D is wrong because it gives employees more say/control/responsibility (1 mark)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation</b></p>	<p>1-3</p> <p><b>(Total 4)</b></p>

Question Number	Answer
<b>4(a)</b>	<p>Barclays Bank pays bonuses to some of its employees to reduce labour turnover.</p> <p>A bonus is</p> <p>Answer: <b>(B)</b> an addition to salary in recognition of work done</p>
<b>4(b)</b>	<ul style="list-style-type: none"> <li>• Definition of labour turnover – the proportion of a workforce who leave within a specified time period (1 mark)</li> <li>• The payment may be intended to reward/incentivise/motivate the employee (1 mark)</li> <li>• These payments reduce labour turnover because employees will stay given this financial incentive (1 mark)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong because bonuses are a payment and do not change the nature of the job (1 mark)</li> <li>• C is wrong because pay and bonuses are hygiene factors. (1 mark)</li> <li>• D is wrong because this reason describes piecework which is unsuitable for a bank given that it provides a service (1 mark)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation</b></p>

Question Number		Marks
5(a)	<p>Employees of Weeks Agricultural Trailers only work from 8.00am to 4.00pm.</p> <p>In order to increase capacity utilisation it could implement which one of the following?</p> <p>Answer: <b>(A)</b> increasing working hours</p>	1
5(b)	<p><b>Explain why this answer is correct:</b></p> <ul style="list-style-type: none"> <li>• Definition of capacity utilisation e.g. measures current output as proportion of productive capacity</li> </ul> <p><b>OR</b> gives formula for capacity (1 mark)</p> $\frac{\text{Current Output}}{\text{Maximum possible output}} \times 100$ <ul style="list-style-type: none"> <li>• Increasing hours worked enables production to be increased using the same resources (1 mark)</li> <li>• This will therefore lead to more trailers being made in the same Weeks factory (1 mark)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• B is wrong because if prices for agricultural trailers increase, consumers may switch to cheaper rivals/results in less demand and a fall in capacity utilisation (1 mark)</li> <li>• C is wrong because this will only increase the maximum possible output/capacity to manufacturer agricultural trailers, not increase capacity utilisation (1 mark)</li> <li>• D is wrong because reducing stock levels may make it difficult to maintain production and therefore lead to a fall in capacity utilisation (1 mark)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation</b></p>	<p>1-3</p> <p><b>(Total 4)</b></p>

Question Number	Answer	Marks
<b>6(a)</b>	<p>Sam Carroll owns a hotel in Keswick, Cumbria. After a profitable 2011 he started to add more rooms to the hotel. Revenue for 2012 fell and the bank withdrew his overdraft facility.</p> <p>The most likely reason for the bank's action would be that the hotel's</p> <p>Answer: <b>(D)</b> bank statements showed negative cash flow</p>	1
<b>6(b)</b>	<ul style="list-style-type: none"> <li>• Definition of what is meant by revenue/overdraft/negative cash flow e.g. negative cash flow is when outflows exceed inflows (1 mark)</li> <li>• Sam had been forced to over-use his overdraft facility to pay for the extra rooms (1 mark)</li> <li>• The bank decided that there was little chance of a positive cash flow/too high a risk given that revenue fell (1 mark).</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong because if suppliers improved their credit terms it will benefit Sam's cash flow (1 mark)</li> <li>• B is wrong because if profit for 2012 had been under-estimated then the business would have been doing better than expected (1 mark)</li> <li>• C is wrong because if costs were actually below budget, then this would improve cash flow (1 mark)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation</b></p>	<p>1-3 marks</p> <p><b>(Total 4)</b></p>

## Section B Mark Scheme

Question Number	Question	
7	Explain one likely reason why online retailers such as ASOS have lower labour costs than traditional shops.	
	Answer	Mark
	<p><b>(Knowledge 2, Application 1, Analysis 1)</b></p> <p><b>Knowledge/understanding: up to 2 marks</b> available for knowledge of labour costs, e.g. salaries/wages/national insurance contributions (1 mark) and a reason e.g. online selling reduces the need for sales staff (1 mark)</p> <p><b>Application: 1 mark</b> is available for contextualising the response, e.g. by operating automated warehouses to deal with orders and/or web sites that are user friendly, ASOS can then use fewer centres to deal with orders</p> <p><b>Analysis: 1 mark</b> is available for explaining that fewer staff equates to lower costs so the total wage bill should fall (1 mark)</p>	<p>1-2</p> <p>1</p> <p>1</p> <p><b>(4 marks)</b></p>

Question Number	Question	
8	Explain <b>one</b> likely reason, other than high labour costs, why it is claimed that '40% of shops in the UK will close by 2017' (line ...)	
	Answer	Mark
	<p><b>(Knowledge 1, Application 2, Analysis 1)</b></p> <p><b>Knowledge/ understanding: 1 mark is available</b> for identifying any reason e.g. poor cash flow, low profits, competition, high rents/rates, technology, convenience (1 mark).</p> <p><b>Application: Up to 2 marks</b> are available for contextual answers such as M &amp; S have not kept up-to-date with their competitors or they have not adapted to technology, e.g. click and collect (1 mark). Poor shopping experience e.g. queueing, lack of parking facilities (1 mark)</p> <p><b>Analysis: 1 mark</b> is available for giving a reason/cause/consequence such as stores will have to close as sales diminish or transfer to online (1 mark).</p> <p>NB Accept argument that a high street presence cannot be maintained if other outlets are closing and/or moving to large out of town sites</p>	<p>1</p> <p>1-2</p> <p>1</p> <p><b>(4 marks)</b></p>

Question Number	Question		
9	Analyse why centralisation might lead to improved performance for ASOS		
Level	Mark	Descriptor	Possible Content
1	1-2	Available for knowledge such as identifying what is meant by a centralisation.	<p>e.g. centralisation is when all decisions are taken at the top of an organisation.</p> <p>e.g. centralisation is where there is little or no role for regional offices</p>
2	3-5	Available for contextualising the response by referring to ASOS's need for centralisation.	<p>e.g. head office in Camden in London</p> <p>e.g. centralised managers deciding which clothes to order for sale on a national basis</p> <p>e.g. the firm has teams around the country such as customer care in Hemel Hempstead</p> <p>e.g. warehousing in Barnsley.</p>
3	6-8	<p>Available for considering the advantages of centralisation</p> <p>NB: if no context restrict to (6 marks)</p>	<p>e.g. decisions such as purchasing could be centralised leading to economies of scale.</p> <p>e.g. if ASOS expands internationally, there is more need for a centralised management structure to maintain a common identity.</p> <p>e.g. warehousing can be better planned when decisions are made by one body to avoid communication problems.</p>

Question Number	Question		
10	Assess the usefulness of cash flow forecasting to fast growing businesses such as ASOS.		
Level	Mark	Descriptor	Possible Content
1	1-2	Available for knowledge such as identifying what is meant by cash flow forecasting.	e.g. cash flow forecasting is predicting the money coming in and going out.  e.g. income will be from sales, outgoings from costs such as materials, wages and rent.
2	3-4	Available for contextualising the response by ASOS's needs for cash flow forecasting.	e.g. sales revenue from Stella McCartney designs  e.g. distribution costs of clothing
3	5-6	Available for considering the implications of such forecasts.  NB A mark of 5 can be awarded when analysis is not in context	e.g. benefits of knowing when possible positive cash flows occur will enable ASOS to plan for investment in new warehouse  e.g. these predictions will give ASOS an idea of the flow of income from seasonal sales of fashion clothing.
4	7-8	Available for providing balance and some recognition of the limitations of cash flow forecasts.  NB A mark of 7 is awarded when only one side is in context; award 8 marks for both sides in context	e.g. figures are only estimates and that their value is limited given possible changes in demand for fashion clothing.  e.g. nevertheless a well prepared forecast will give ASOS an indication whether they can finance their continued growth in the online clothing market.

Question Number	Question		
11.	Evaluate the use of Just in Time management of stock for ASOS.		
Level	Mark	Descriptor	Possible Content
1	1-2	Available for defining JIT management of stock.	e.g. JIT management of stock refers to having low levels of stock, or no buffer stock.  e.g. goods are only ordered from suppliers when an order is placed with the retailer.
2	3-4	Available for contextualising the response by referring to ASOS's use of JIT management of stock.	e.g. ASOS has 65,000 items of stock.  e.g. fashion changes can occur quickly.
3	5-6	Available for considering how ASOS can benefit from JIT management of stock.  NB A mark of 5 can be awarded when analysis is not in context	e.g. with 65,000 items of stock ASOS needs to keep minimum capital tied up in stock.  e.g. such low levels would help ASOS respond to fashion changes more quickly.
4	7-8	Available for providing balance by showing that there are limitations in the use of JIT management of stock.  NB A mark of 7 is awarded when only one side is in context; award 8 marks for both sides in context	e.g. any breakdown in retailer/supplier relationship would have far reaching consequences as clothing deliveries are delayed.  e.g. any delay due to factors outside of the firm's controls, such as transport delays, could lead to a loss of reputation, sales and ultimately profit because ASOS has many online competitors

Question Number	Question		
12	Evaluate how major retailers, such as Marks and Spencer, could use:  (a) Pricing to increase online sales		
Level	Mark	Descriptor	Possible Content
1	1	<p>Knowledge must be present. Candidates should be able to know or understand what is meant by price.</p> <p><i>QWC: To achieve a mark of 1 the candidate will have struggled to use business terminology or write legibly with frequent errors in spg and/or weak style and structure of writing.</i></p>	e.g. price is what the customer pays
2	2-3	<p>Application must be present, i.e. the answer must be contextualised by referring to major retailers and/or an appropriate pricing strategy.</p> <p><i>QWC: To achieve a mark of 2-3 the candidate will use some business terms but the style of writing could be better / there will be some errors in spg / the legibility of the text could have been better in places.</i></p>	<p>e.g. M &amp; S could set online prices for clothing lower than ASOS</p> <p>e.g. M &amp; S could use premium pricing given their quality brand image</p>
3	4	<p>Analysis must be present, i.e. the candidate must explain the consequence of their pricing decisions for the major retailer.</p> <p>NB Does not have to be in context</p> <p><i>QWC: To achieve a mark of 4 the candidate will use business terminology well/style of writing is appropriate to the question/ reasonable to good spg</i></p>	e.g. lower prices may increase revenue or market share if demand is price elastic

	5-7	<p><b>Low Level 4:</b> 5 marks. Evaluation must be present, i.e. the candidate must present an alternative argument.</p> <p><b>High Level 4:</b> 6-7 marks A convincing and balanced answer throughout making good use of concepts and terminology.</p> <p>NB A mark of 5 is awarded when only one side is in context; award 6-7 marks for both sides in context</p> <p><i>Assessment for QWC: The candidate will use business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.</i></p>	<p>e.g. however lower online prices for M &amp; S clothing might lead consumers to believe that quality has fallen/lower footfall in high street shops</p> <p>e.g. ASOS might lower prices below M &amp; S if ASOS have lower costs for selling their clothing</p>
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Question Number	Question		
12	Evaluate how major retailers, such as Marks and Spencer, could use:  (b) Promotion to create a 'richer purchasing experience' (line....)		
Level	Mark	Descriptor	Possible Content
1	1	<p>Knowledge must be present. Candidates should be able to know or understand what is meant by promotion.</p> <p><i>QWC: To achieve a mark of 1 the candidate will have struggled to use business terminology or write legibly with frequent errors in spg and/or weak style and structure of writing.</i></p>	e.g. promotion is the way a business creates demand/awareness
2	2-3	<p>Application must be present, i.e. the answer must be contextualised by referring to major retailers and/or an appropriate promotion strategy.</p> <p><i>QWC: To achieve a mark of 2-3 the candidate will use some business terms but the style of writing could be better / there will be some errors in spg / the legibility of the text could have been better in places.</i></p>	<p>e.g. M &amp; S could advertise its restaurants</p> <p>e.g. M &amp; S could link sales of clothing to discounted prices in restaurant</p>
3	4	<p>Analysis must be present, i.e. the candidate must explain the consequence of their promotion decisions for the major retailer.</p> <p>NB Does not have to be in context</p> <p><i>QWC: To achieve a mark of 4 the candidate will use business terminology well/style of writing is appropriate to the question/ reasonable to good spg</i></p>	e.g. special promotions may therefore increase the number of customers buying clothes whilst being able to enjoy the M & S restaurant because M & S customers see shopping as an enjoyable leisure activity

	5-7	<p><b>Low Level 4:</b> 5 marks. Evaluation must be present, i.e. the candidate must present an alternative argument.</p> <p><b>High Level 4:</b> 6-7 marks A convincing and balanced answer throughout making good use of concepts and terminology.</p> <p>NB A mark of 5 is awarded when only one side is in context; award 6-7 marks for both sides in context</p> <p><i>Assessment for QWC: The candidate will use business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.</i></p>	<p>e.g. 'a richer shopping experience' promotion might be ineffective if consumers do not have the time to shop and visit the restaurant.</p> <p>e.g. customers may not enjoy 'a richer shopping experience' because the promotion may not be attractive to them as they may prefer to shop from the convenience of their own home</p>
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QUESTION	Content	Knowledge	Application	Analysis	Evaluation	Total
1	2.3.3b	2	2	-	-	4
2	2.3.3a	1	1	1	1	4
3	2.3.4d	1	1	1	1	4
4	2.3.4c	2	1	1	-	4
5	2.3.2c	2	1	-	1	4
6	2.3.3c/d	2	1	-	1	4
7	2.3.4e	2	1	1		4
8	2.3.3f	1	2	1		4
9	2.3.4a	2	3	3		8
10	2.3.3c	2	2	2	2	8
11	2.3.2e	2	2	2	2	8
12	2.3.1b	2	4	2	6	14
<b>TOTAL</b>		<b>21</b>	<b>21</b>	<b>14</b>	<b>14</b>	<b>70</b>

**Assessment Objectives**

