

# Mark Scheme (Results)

## Summer 2016

Pearson Edexcel GCSE Business Studies (5BS05)  
Unit 5: Introduction to Economic Understanding

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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) AO1=1	C	(1)

Question Number	Answer	Mark
1(b) AO1=1	<p>1 mark for the identification of a relevant factor that could increase demand for a good.</p> <p>Possible factors include:</p> <ul style="list-style-type: none"> <li>• Lower prices</li> <li>• Changing income levels</li> <li>• Advertising</li> <li>• Competition</li> <li>• Fashions</li> <li>• Change in price of other goods</li> <li>• Interest rates.</li> </ul> <p>Accept any other appropriate factor.</p>	(1)

Question Number	Answer	Mark
1(c) AO1=1 AO3=2	<p>For 3 marks, there will be <b>one</b> impact identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...', 'because...' etc.</p> <p>Possible impacts include:</p> <ul style="list-style-type: none"> <li>• Increased repayment on new loans</li> <li>• Lower demand from consumers</li> <li>• Higher earnings on investments/money in bank.</li> </ul> <p>E.g. High interest rates will increase a business's loan repayments (1 mark). As a result, its costs will rise (1 mark) and this might lead to difficulty in managing its cash flow. (1 mark)</p> <p>This answer would gain <b>3</b> marks since there are at least two relevant, linked points</p>	(3)

	made, following the identification of a valid impact.	
<b>Question Number</b>	<b>Answer</b>	<b>Mark</b>
<b>1(d)</b>  <b>AO1=1</b> <b>AO3=2</b>	<p>For 3 marks, there will be <b>one</b> reason identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...', 'because...' etc.</p> <p>Possible reasons include:</p> <ul style="list-style-type: none"> <li>• Fewer benefits paid</li> <li>• Increased tax revenue</li> <li>• Lower level of poverty</li> <li>• Boost to gross domestic product (GDP).</li> </ul> <p>E.g. Lowering the level of unemployment will reduce benefits paid as jobseeker's allowance (1 mark). This will allow the government to spend money in other areas such as the NHS (1 mark) which could increase the standard of healthcare (1 mark).</p> <p>This answer would gain <b>3</b> marks since there are at least two relevant, linked points made, following the identification of a valid reason.</p>	<b>(3)</b>

<b>Question Number</b>	<b>Answer</b>	<b>Mark</b>
<b>2(a)</b>  <b>AO1=1</b>	D	<b>(1)</b>

Question Number	Answer	Mark
<p><b>2(b)</b></p> <p><b>AO1=2</b></p>	<p>A <i>charity</i> is an organisation that aims to produce a surplus of income over expenses to promote a good cause.</p> <p>2 marks for an accurate definition. If an accurate definition is not given award 1 mark for an answer that suggests the candidate has some understanding of the term. E.g. An organisation that promotes a good cause.</p> <p>An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration <b>other than <i>The Trussell Trust</i></b>. E.g. A charity is an organisation that promotes a good cause such as <i>Water Aid</i>.</p>	<p><b>(2)</b></p>

Question Number	Answer	Mark
<p>2(c)</p> <p>A02=2</p> <p>A03=1</p>	<p>For 3 marks, <b>one</b> reason will be identified and there will be at least <b>two</b> clearly identifiable linked strands of explanation. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation <b>must be</b> in the context of <i>The Trussell Trust</i>/food banks if it is to secure all three marks. <b><u>The answer must go beyond just mentioning The Trussell Trust, since the name of the charity appears in the question.</u></b></p> <p>Possible reasons include:</p> <ul style="list-style-type: none"> <li>• Make it easier for people to access support</li> <li>• Reduce poverty in the UK</li> <li>• Improve the standard of living for the poor</li> <li>• Increase the profile of <i>The Trussell Trust</i>.</li> </ul> <p>E.g. More people will become aware of the work that <i>The Trussell Trust</i> does (1 mark) and this may encourage more people to donate food parcels in their local area (1 mark) and, therefore, fewer people will go hungry (1 mark).</p> <p>This answer would gain <b>3</b> marks since there are at least two linked strands that build the explanation following the identification of a reason. The answer is also rooted in the context of <i>The Trussell Trust</i> since the answer refers to 'food parcels'. Without this use of context the answer can only score a maximum of 2 marks.</p>	<p style="text-align: right;"><b>(3)</b></p>

Question Number	Answer	Mark
<p><b>2(d)</b></p> <p><b>AO1=1</b> <b>AO2=1</b> <b>AO3=2</b></p>	<p>For 4 marks, the description will make up to <b>four</b> relevant points (linked or separate) associated with how the government could identify signs of poverty in the UK. Four marks could also be achieved through focusing on <b>two</b> effects plus some development of each. <b><u>Without the use of context the answer can be awarded a maximum of 3 marks.</u></b></p> <p>Possible suggestions include:</p> <ul style="list-style-type: none"> <li>• The number of people using foods banks</li> <li>• Number of people claiming benefits</li> <li>• The percentage of people below the poverty line</li> <li>• The average wage rate.</li> </ul> <p>E.g. The government could identify signs of poverty in the UK by measuring the average wage rate (1 mark). If the average wage rate fell, this would indicate that relative poverty was on the rise (1 mark). The government could also calculate the number of people using food banks in the UK (1 mark) as this would indicate how many people did not earn a living wage. (1 mark)</p> <p>This answer would gain <b>4</b> marks since the candidate has identified two methods, '<i>average wage rates</i>' and '<i>number of people using food banks</i>'. Each method has been explained with at least one linked strand of development. The answer is also in context by referring to '<i>food banks</i>'.</p>	<p><b>(4)</b></p>

Question Number	Answer	Mark
<p><b>3(a)</b></p> <p><b>AO1=1</b></p>	<p>D</p>	<p><b>(1)</b></p>



Question Number	Answer	Mark
<b>3(b)</b> <b>AO1=3</b>	<p>1 mark for each reason why the owners of <i>Holdsworth Foods</i> might want the business to grow.</p> <p>Possible reasons might include:</p> <ul style="list-style-type: none"><li>• Economies of scale (any response related to bulk buying or lower unit costs)</li><li>• Improved market power over suppliers</li><li>• Improved market power over customers</li><li>• Potential to increase revenue</li><li>• Potential to increase profits</li><li>• Reach a wider target market.</li></ul>	<b>(3)</b>

Question Number	Answer	Mark
<p><b>3(c)</b></p> <p><b>A02=2</b></p> <p><b>A03=1</b></p>	<p>For 3 marks, there will be <b>one</b> benefit identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation <b><u>must be</u></b> in the context of <i>Holdsworth Foods</i> if it is to secure all 3 marks. <b><u>The answer must go beyond just mentioning Holdsworth Foods, since the name of the business appears in the question.</u></b></p> <p>Possible benefits include:</p> <ul style="list-style-type: none"> <li>• Lower delivery costs</li> <li>• Increased profit margins</li> <li>• Able to lower prices</li> <li>• Suppliers reduce prices.</li> </ul> <p>E.g. <i>Holdsworth Foods</i> would have lower costs (1 mark). If revenues are maintained this will allow the business to increase its profits (1 mark). This means that it will be able to invest the money back into the business for future growth.</p> <p>This answer would gain <b>2</b> marks since although a benefit has been stated and there are two linked strands of explanation, there is no use of context that goes beyond using the name of the business. Contextualisation could be as subtle as adding '<i>of distribution</i>' to the first sentence, as this is linked to the nature of a food distribution network. This would have elevated the answer to 3 marks.</p>	<p style="text-align: right;"><b>(3)</b></p>

Question Number	Answer	Mark
<p><b>3(d)</b></p> <p><b>A02=2</b></p> <p><b>A03=1</b></p>	<p>For 3 marks, there will be <b>one</b> disadvantage identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation <b><u>must be</u></b> in the context of <i>Holdsworth Foods</i> if it is to secure all 3 marks. <b><u>The answer must go beyond just mentioning Holdsworth Foods, since the name of the business appears in the question.</u></b></p> <p>Possible disadvantages might include:</p> <ul style="list-style-type: none"> <li>• Time taken to receive imported goods</li> <li>• Uncertainty of the exchange rate</li> <li>• Increased costs of transportation</li> <li>• Cannot be sold as 'British Produce'.</li> </ul> <p>E.g. The changing value of the pound could create uncertainty for <i>Holdsworth Foods</i> (1 mark). As a result, it will not be able to accurately plan for the cost of its frozen food imports (1 mark) and this could cause problems when trying to manage its expenses (1 mark).</p> <p>This answer would gain <b>3</b> marks since there are at least two linked strands that build the explanation following the identification of a disadvantage. The answer is also rooted in the context of <i>Holdsworth Foods</i> since the answer refers to 'frozen food'. Without this use of context the answer can only score a maximum of 2 marks.</p>	<p><b>(3)</b></p>

Question Number	Answer	Mark
4(a)  AO1=1	B	(1)

Question Number	Answer	Mark
4(b)  AO1=1 AO2=1	<p>1 mark for the identification of a benefit to <i>Vodafone</i> of achieving high levels of revenue and 1 mark for some kind of appropriate development. The development <b>must be</b> in the <i>Vodafone/mobile phone</i> context if it is to secure both marks.</p> <p>Possible benefits include:</p> <ul style="list-style-type: none"> <li>• High levels of revenue could lead to profit</li> <li>• Helps manage cash flow</li> <li>• Able to pay debts/expenses</li> <li>• Indication of a successful product/business.</li> </ul> <p>E.g. The benefit to <i>Vodafone</i> of achieving high levels of revenue is that this could be turned into profit (1 mark). This could then be reinvested in new contracts with network providers (1 mark).</p> <p>This response would gain <b>2</b> marks <i>since</i> a benefit has been identified, '<i>turned into profit</i>', and there is some development in context, '<i>new contracts with network providers</i>'.</p>	(2)

Question Number	Answer	Mark
<p><b>4(c)</b></p> <p><b>AO2=2</b></p> <p><b>AO3=1</b></p>	<p>For 3 marks, there will be <b>one</b> disadvantage identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation <b><u>must be</u></b> in the <i>Phones 4U</i>/mobile phone context if it is to secure all 3 marks. <b><u>The answer must go beyond just mentioning Phones 4U, since the name of the business appears in the question.</u></b></p> <p>Possible disadvantages include:</p> <ul style="list-style-type: none"> <li>• Less choice for customers</li> <li>• Cancellation of customer contracts with <i>Phones 4U</i></li> <li>• Increased prices through less competition</li> <li>• Poorer service through less competition.</li> </ul> <p>E.g. With the closure of <i>Phones 4U</i> a firm like <i>Vodafone</i> could gain a monopoly in the market (1 mark). This could reduce the choice for customers (1 mark) and the price of mobile phone contracts and handsets could rise. (1 mark)</p> <p>This answer would gain <b>3</b> marks since there are at least two linked strands that build the explanation following the identification of a reason. The answer is also rooted in the context of mobile phones since reference is made to '<i>Vodafone</i>'. <i>Vodafone</i> is not mentioned in the stem.</p>	<p><b>(3)</b></p>

Question Number	Indicative content
<p><b>4(d)</b></p> <p><b>AO2=2</b></p> <p><b>AO3=4</b></p>	<p>The aim here is for candidates to make a judgement as to whether imposing new legislation on the industry (option 1) or encouraging better self-regulation (option 2) would be more effective in protecting consumers in the mobile phone industry. There is no right or wrong answer and the candidate can argue that either option is better, depending on the circumstances. Candidates might consider the following possible ideas as part of their answer.</p> <p>New legislation:</p> <ul style="list-style-type: none"> <li>• Will force businesses to comply</li> <li>• Sets out clear rules and expectations for all firms</li> <li>• Will deter firms from treating consumers poorly through fear of fines/prosecution</li> <li>• May take time to introduce new legislation</li> <li>• New legislation could become too restrictive.</li> </ul> <p>Encourage more self-regulation:</p> <ul style="list-style-type: none"> <li>• Regulation is agreed from within the industry – not imposed</li> <li>• Less expensive than introducing new legislation</li> <li>• Firms may not abide by the rules as there is no legal enforcement</li> <li>• Firms may still not act in the best interest of consumers.</li> </ul> <p>To be evaluative and support the judgement made, the candidate might suggest that introducing new legislation is more likely to guarantee that firms comply, but that this is more expensive and time consuming than encouraging firms within the industry to regulate themselves.</p> <p>An alternative route to evaluation might come through the candidate suggesting that self-regulation is by far the better option because firms might develop a code of conduct they agree to rather than new legislation, which would be imposed on the industry without its input.</p>

<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
<b>No mark</b>	<b>0</b>	Non-rewardable material.
<b>Level 1</b>	<b>1-2</b>	A judgement or point is given as to which option would be most effective for the government to regulate the mobile phone industry to protect consumers. If there is just a simple judgement, or where the support shows misunderstanding, 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level.
<b>Level 2</b>	<b>3-4</b>	A judgement/point is given on one or both options with some development/support, which includes at least <b><u>one</u></b> reason/cause/consequence etc. At the top of this level this analysis will be relevant and linked to the judgement/point made.
<b>Level 3</b>	<b>5-6</b>	A judgement/point is given on one or both options with some development/support, which includes at least <b><u>two</u></b> reasons/causes/consequences etc. <b><u>and includes some balance.</u></b>  At the top of this level there will be a conclusion drawn from the analysis <b><u>and the answer will be in the context of the mobile phone industry.</u></b>

**Section B:**

<b>Question Number</b>	<b>Answer</b>	<b>Mark</b>
<b>5(a)</b> <b>AO1=2</b>	<p><i>Infrastructure</i> is the basic physical and organisational structures (buildings, roads, power) needed for the operation of society/enterprise.</p> <p>2 marks for an accurate definition (one that makes reference to both <u>physical or organisational structures</u> and which <u>helps the operation of society/enterprise</u>). If an accurate definition is not given award 1 mark for an answer that suggests the candidate has some understanding of the term. E.g. Structures that help people move around the country.</p> <p>An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration. This will involve one part of the above definition, but with an appropriate example such as roads, rail or air links. E.g. Structures such as roads that help trade in a country.</p>	<b>(2)</b>

<b>Question Number</b>	<b>Answer</b>	<b>Mark</b>
<b>5(b)</b> <b>AO2=1</b>	<p>1 mark for the identification of a relevant stakeholder group affected by potholes.</p> <p>Possible stakeholders include:</p> <ul style="list-style-type: none"><li>• Motorists</li><li>• Pedestrians</li><li>• Local council</li><li>• Local residents</li><li>• Insurance companies</li><li>• Mechanics/car repair companies</li><li>• UK Government.</li></ul> <p>Accept any other relevant stakeholder.</p>	<b>(1)</b>



Question Number	Answer	Mark
<p><b>5(c)</b></p> <p><b>AO2=2</b></p> <p><b>AO3=1</b></p>	<p>For 3 marks, there will be <b>one</b> benefit identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation <b>must be</b> in the context of <i>local councils/government/potholes</i> if it is to secure all 3 marks.</p> <p>Possible benefits include:</p> <ul style="list-style-type: none"> <li>• Councils receive more money from the government</li> <li>• Able to carry out more repairs</li> <li>• Save money on other areas of their budget (e.g. waste disposal)</li> <li>• Better infrastructure in their area/borough/county</li> <li>• Might not have to increase taxes to cover road repairs.</li> </ul> <p>E.g. A government subsidy will provide local councils with more money to spend on road repairs (1 mark). This might help them save money from their transport budgets (1 mark) which could be spent on other areas such as investment in schools and public services (1 mark).</p> <p>This answer would gain <b>3</b> marks since there are at least two linked strands that build the explanation following the identification of a benefit. The candidate also contextualises their response by referring to '<i>road repairs</i>' and '<i>transport budgets</i>'.</p>	<p><b>(3)</b></p>

Question Number	Answer	Mark
<p><b>5(d)</b></p> <p><b>AO2=4</b></p> <p><b>AO3=4</b></p>	<p>This question has a 2 x 4 mark split. There is <b>1</b> mark for identifying an advantage and <b>one</b> mark for identifying a disadvantage of councils carrying out repairs to local roads and highways. The remaining <b>3</b> marks are for the explanation, which should develop the advantage/disadvantage. Within the answer there should be at least <b>three</b> clearly identifiable strands of explanation. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation for both the advantage and disadvantage <b>must be</b> in context if it is to secure all 3 marks.</p> <p>Possible advantages include:</p> <ul style="list-style-type: none"> <li>• Safer roads</li> <li>• Less damage to vehicles</li> <li>• Better road links.</li> </ul> <p>Possible disadvantages include:</p> <ul style="list-style-type: none"> <li>• Noise/air pollution caused by roadworks</li> <li>• Delays to journeys/congestion</li> <li>• Opportunity cost of decision to improve roads and not other services.</li> </ul> <p>E.g. Advantage: safer roads (1 mark)  Explanation: Safer roads will lead to fewer pedestrians being injured due to potholes (1 mark). As a result, less people will need medical attention (1 mark). This means that the number of claims made against local councils will fall saving local councils a lot of money in compensation (1 mark).</p> <p>This answer would gain <b>4</b> marks since an advantage has clearly been identified and there are at least <b>three</b> linked strands that build the explanation, with reference to the context through the use of the words '<i>pedestrians being injured</i>' and '<i>potholes</i>'. Without the use of context this answer would only be worth 3 marks.</p>	<p><b>(8)</b></p>

	'Potholes' can be accepted as context in this question as the term has not come from the question stem.	
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Question Number	Answer	Mark
<b>6(a)</b> <b>AO1=2</b>	<p>Legislation is laws that are introduced by the government.</p> <p>2 marks for an accurate definition. If an accurate definition is not given award 1 mark for an answer that suggests the candidate has some understanding of the term. E.g. Something that the government introduces to control society.</p> <p>An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration. E.g. Legislation means a law such as the Health and Safety at Work Act.</p>	<b>(2)</b>

Question Number	Answer	Mark
<b>6(b)</b> <b>AO1=1</b> <b>AO3=1</b>	<p>1 mark for the identification of a benefit of reducing crime and/or antisocial behaviour in London and 1 mark for some relevant development.</p> <p>Possible benefits include:</p> <ul style="list-style-type: none"> <li>• Make people feel safer</li> <li>• Less damage to property (residents and business)</li> <li>• Ease pressure on policing</li> <li>• More visitors to London.</li> </ul> <p>E.g. By reducing the level of crime in London people will feel safer on the streets (1 mark). This will encourage people to go out and spend money (1 mark).</p>	<b>(2)</b>

Question Number	Answer	Mark
<p><b>6(c)</b></p> <p><b>AO1=1</b> <b>AO2=1</b> <b>AO3=2</b></p>	<p>For 4 marks, the description will make up to <b>four</b> relevant points (linked or separate) associated with how the spending on the UK transport network could increase economic growth. Four marks could also be achieved through focusing on <b>two</b> effects plus some development of each. <b><u>Without the use of context the answer can be awarded a maximum of 3 marks.</u></b> 1 mark could also be awarded for a suitable definition of '<i>economic growth</i>'.</p> <p>Possible suggestions include:</p> <ul style="list-style-type: none"> <li>• Faster transportation of goods around the country</li> <li>• Creation of jobs on road/rail network</li> <li>• Increased mobility of labour (employment opportunities in other towns and cities)</li> <li>• Attracts new businesses to cities and towns.</li> </ul> <p>E.g. Economic growth is the percentage increase in GDP per year (1 mark). Increased spending on roads and rail would create new jobs (1 mark) and this would create more demand in the economy (1 mark). Economic growth would also be created by faster transport links, which would mean faster transport of goods around the country. (1 mark)</p> <p>This answer would gain <b>4</b> marks since the candidate has given a relevant definition of '<i>economic growth</i>' and identified at least two ways economic growth could be increased. At least one of these points has some level of development. The answer is also in context by referring to '<i>roads and rail</i>'.</p>	<p><b>(4)</b></p>



Question Number		Indicative content
<p><b>*6(d)</b></p> <p><b>QWC Strands (i), (ii) and (iii)</b></p> <p><b>AO2=3</b> <b>AO3=5</b></p>		<p>The aim here is for candidates to consider the impact of the government raising money by increasing taxation. The question asks the candidate to 'assess', so they must develop some evidence of balance within their answer. This could take the form of considering the extent to which the benefits of using taxation outweigh the drawbacks. Assessment could also be created by considering other measures that the government could use. Some candidates may suggest alternative forms of taxation or a reduction in spending in other areas to fund road maintenance.</p> <p>Possible benefits of increasing taxation:</p> <ul style="list-style-type: none"> <li>• Taxation is a direct form of funding to raise the additional money</li> <li>• Funding would not have to be cut from other areas</li> <li>• Reduces the number of people using cars</li> <li>• Road tax is directly linked to road repairs.</li> </ul> <p>Possible drawbacks of increasing taxation:</p> <ul style="list-style-type: none"> <li>• People will object to an increase in road tax</li> <li>• Increased taxation will reduce consumer spending</li> <li>• Alternative approaches might be better – reduce spending in other areas or encourage people to use alternative forms of transport.</li> </ul>
Level	Mark	Descriptor
<b>No mark</b>	<b>0</b>	Non-rewardable material. No mark is to be awarded if the candidate just restates the question.
<b>Level 1</b>	<b>1-2</b>	<p>Candidate will consider <b>one</b> factor related to increasing road tax <b><u>with no development</u></b> - bottom of level.</p> <p>Candidate will consider <b>one</b> factor related to increasing road tax <b><u>with simple development</u></b> – top of level.</p> <p>Candidate will consider <b>two</b> factors relating to increasing road tax with <b><u>no development</u></b> – top of level.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.</p>

<p><b>Level 2</b></p>	<p><b>3-5</b></p>	<p>Candidate will consider <b>one</b> factor relating to increasing road tax <b><u>with more detailed development</u></b> – bottom of level.</p> <p>Candidate will further develop their response with a reason/cause/consequence – middle of level.</p> <p>Candidate will have <b><u>some evidence of balance</u></b> – top of level.</p> <p>At the top of the level there will be some evidence of balance to the point/judgement in the form of advantage/disadvantage, cost/benefit, pro/con or some counterbalancing factor. At the top of the level, candidates may attach some value/importance to one of the factors.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.</p>
<p><b>Level 3</b></p>	<p><b>6-8</b></p>	<p>Candidate will consider factor(s) relating to increasing road tax with development that includes <b><u>two</u></b> reasons/causes/consequences, balance with unsupported conclusion/judgement(s), all of which is in the context of the government/transport – bottom of level.</p> <p>Candidate will consider factor(s) relating to increasing road tax with development that includes <b><u>two</u></b> reasons/causes/consequences, clear balance with supported conclusion/judgement(s), all of which is in the context of the government/transport – middle of level.</p> <p>Candidate will consider factor(s) relating to increasing road tax with development that includes <b><u>two</u></b> reasons/causes/consequences, clear balance with supported conclusion/judgement(s), all of which is in the context of the government/transport and using the 'it depends' rule or something similar – top of the level.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.</p>

**Section C:**

Question Number	Answer	Mark
<p><b>7</b></p> <p><b>AO1=2</b></p>	<p>Insolvent refers to the situation where a business is unable to pay its debts.</p> <p>2 marks for an accurate definition. If an accurate definition is not given award 1 mark for an answer that suggests the candidate has some understanding of the term. E.g. Where a business has no money.</p> <p>An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration. E.g. Where a business has no money, such as <i>La Senza</i> who made a loss of £26m in 2012.</p>	<p><b>(2)</b></p>

Question Number	Answer	Mark
<p><b>8</b></p> <p><b>AO1=1</b></p> <p><b>AO2=1</b></p>	<p>1 mark for the identification of a factor that <i>La Senza</i> might have considered when launching a new product and 1 mark for some kind of appropriate development of the factor in context.</p> <p>Possible factors include:</p> <ul style="list-style-type: none"> <li>• Target market</li> <li>• Price</li> <li>• Packaging</li> <li>• Promotion</li> <li>• Design</li> <li>• After-sales service.</li> </ul> <p>E.g. <i>La Senza</i> should consider the price of any new product that it launches (1 mark) and ensure it is competitive against other firms in the market.</p> <p>This answer would only gain <b>one</b> mark since although a factor has been identified, and despite the existence of development, there is no use of context. The candidate could have escalated their answer by making reference to a suitable competitor in the clothing industry, such as <i>Victoria's Secret</i>.</p>	<p><b>(2)</b></p>





Question Number		Indicative content
<p><b>*9</b></p> <p><b>QWC Strands (i), (ii) and (iii)</b></p> <p><b>AO2=3</b></p> <p><b>AO3=3</b></p>		<p>The aim here is for candidates to consider the benefits to <i>La Senza</i> of operating ethically. The question asks the candidate to 'discuss', so we should expect some balance within the answer. This could come from considering the extent to which ethical business practices are advantageous or through a consideration of the drawbacks of doing so/the reasons why <i>La Senza</i> might choose not to act ethically.</p> <p>Possible benefits of ethical business practices:</p> <ul style="list-style-type: none"> <li>• Attracts ethically conscious consumers</li> <li>• Adds value to the <i>La Senza</i> brand</li> <li>• People might pay a premium for ethical brands</li> <li>• Attracts praise and recognition from pressure groups.</li> </ul> <p>Possible sources of balance:</p> <ul style="list-style-type: none"> <li>• Ethical practices can be expensive</li> <li>• Will consumers see it as 'green washing'?</li> <li>• Narrows down the number of potential suppliers</li> <li>• Do most people care if businesses act ethically?</li> <li>• The business has failed twice.</li> </ul>
Level	Mark	Descriptor
<b>No mark</b>	<b>0</b>	Non-rewardable material.
<b>Level 1</b>	<b>1-2</b>	<p><b>One</b> point as to why being ethical is advantageous with some simple development or <b>two</b> points given with no development of either.</p> <p>An alternative route to marks in this level is if just a simple judgement or value is given for a benefit. 1 mark can be awarded for no support and 2 if some simple support is offered.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.</p>
<b>Level 2</b>	<b>3-4</b>	Reference to at least <b>two</b> points as to why ethical business practices are advantageous (or not) with some development of one of the benefits. At the lower end of the level some development/support, which includes at least <b>one</b> reason/cause/consequence etc.

		<p>At the top of the level there will be clear development of two benefits.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.</p>
<b>Level 3</b>	<b>5-6</b>	<p>Reference to at least <b>two</b> points as to why ethical business practices are beneficial with development of each. A judgement is given with some development, which includes at least <b>two</b> reasons/causes/consequences etc., <b><u>and should identify some balance in terms of a limiting factor or drawback of ethical business practices.</u></b></p> <p>Answers at the top of this level will refer to the <i>La Senza</i>/lingerie context with a supported conclusion/judgement.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.</p>

Question Number	Indicative content
<p><b>*10</b></p> <p><b>QWC Strands (i), (ii) and (iii)</b></p> <p><b>AO2=4</b> <b>AO3=6</b></p>	<p>The aim here is for candidates to make a judgement as to the extent to which changing market conditions may have led to the failure of <i>La Senza</i>. To demonstrate evaluative skill, candidates could consider the impact of changing market conditions (demonstrated by the data), such as changing consumer demand/spending habits or increased competition. Candidates should also show balance in their answer by considering other factors that could have led to the failure of <i>La Senza</i>. For instance, a fall in productivity, increased costs or a poor marketing mix. Some candidates may use the context provided and point out that other lingerie businesses would have also had to cope in the same economic climate and therefore <i>La Senza</i> may have been less competitive in terms of pricing and value. Some candidates may comment on the fact that the marketing campaign and new product launches were not successful and that this may be a more significant factor than market conditions. There is no right or wrong answer to this question, but candidates should aim to make a judgement that is supported and balanced. Candidates may consider the following ideas as part of their answer.</p> <p>Reasons that changing market conditions may have led to failure:</p> <ul style="list-style-type: none"> <li>• Increase in number of competing brands</li> <li>• A fall in demand would lead to lower sales</li> <li>• New competition may offer a better product than <i>La Senza</i></li> <li>• Consumers might be choosing to buy clothing such as lingerie online instead of in retail stores.</li> </ul> <p>Other factors that could have led to failure:</p> <ul style="list-style-type: none"> <li>• <i>La Senza</i> may have got its marketing mix wrong – new product launch and marketing campaign were not successful</li> <li>• Business costs may have been too high</li> <li>• Poor cash flow</li> <li>• Less competitive than other rival firms – lacks a competitive advantage.</li> </ul>

Level	Mark	Descriptor
<b>No mark</b>	<b>0</b>	Non-rewardable material.
<b>Level 1</b>	<b>1-4</b>	<p>Candidates will consider <b>one</b> point with no statement – bottom of level.</p> <p>Candidate will consider <b>one</b> point with basic statement – middle of level.</p> <p>Candidate statements are supported - top of level.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.</p>
<b>Level 2</b>	<b>5-7</b>	<p>Candidate will consider <b>two</b> reasons/causes/consequences to support point(s) – bottom of level.</p> <p>Candidate will develop their reasons/causes/consequences – middle of level.</p> <p>Candidate will have some evidence of balance – top of level.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.</p>
<b>Level 3</b>	<b>8-10</b>	<p>Candidate will consider point(s) with development that includes <b>two</b> reasons/causes/consequences, balance with an unsupported conclusion or judgement(s), all of which is <b>in</b> the context of <i>La Senza/lingerie/clothing</i> – bottom of level.</p> <p>Candidate will consider point(s) with development that includes <b>two</b> reasons/causes/consequences, clear balance with supported conclusion/judgement(s), all of which is in the context of <i>La Senza/lingerie/clothing</i> – middle of level.</p> <p>Candidate will consider point(s) with development that includes <b>two</b> reasons/causes/consequences, clear balance with supported conclusion/judgement(s), all of which is in the context of <i>La Senza/lingerie/clothing</i> and using the 'it depends' rule or something similar – top of the level.</p>

		The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.
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**Total for Paper = 90 marks**