



Pearson  
Edexcel

# GCSE (9-1) Business

Paper 2: Practice Questions, Mark  
Schemes, Model Answers with  
Examiner Commentary Set 1





**Topic Map:**

<b>Question</b>	<b>Command word</b>	<b>Specification reference</b>	<b>Topic area</b>	<b>Sub-topic</b>
1	State	2.3.1	Business operations	The purpose of business operations to produce goods
2(a)	Calculate	2.4.1	Business calculations	The concept and calculation of gross profit
2(b)	Calculate	2.4.1	Business calculations	Calculation and interpretation of net profit margin
3	Outline	2.1.1	Business growth	The types of business ownership for growing businesses: Public limited companies (plc)
4	Analyse	2.1.3	Business and globalisation	The impact of globalisation on businesses
5	Evaluate	2.1.4	Ethics, the environment and business	How environmental considerations influence business activity: possible trade-offs between the environment, sustainability and profit



Answer ALL questions.

Read the following extract carefully and then answer Questions 1-5.

Write your answers in the spaces provided.

Rio Tinto plc is the world's second largest mining company. It extracts commodities, such as iron ore, copper and coal from the ground in a variety of global locations such as Australia, Guinea and Mozambique. It competes with other mining companies such as BHP and Anglo American. Due to increasing globalisation Rio Tinto, exports these commodities to many countries across the world. One of Rio Tinto's main export market is China. Its manufacturing companies purchase its commodities, such as iron ore, as a raw material to produce steel.



Figure 1: Juukan Gorge after its destruction

In 2020, Rio Tinto decided to expand its Brockman iron ore mine in Western Australia. However, the expansion of this mine resulted in the destruction of the 46,000 year old Juukan Gorge cave system. This site was sacred to the native Aboriginal people of Australia and contained several important relics. Its destruction resulted in protests about Rio Tinto's mining activities in Australia.

The Juukan Gorge cave system held an estimated £75 million worth of iron ore that Rio Tinto wanted to extract. Despite international criticism, the Australian government agreed that Rio Tinto had broken no laws in destroying the historic site. Protesters are now demanding that the Australian government changes its laws to give protection to important cultural sites.



Figure 2: Anti Rio Tinto Protesters

(Source: adapted from <https://www.telegraph.co.uk/business/2020/06/19/rio-tinto-agrees-make-report-dynamiting-aboriginal-site-public/>)

1. State one good that Rio Tinto extracts from its mines.

(1)

.....  
.....  
.....



Table 1 contains information about *Rio Tinto's* financial performance in 2019.

	\$ (millions)
Sales revenue	43 165
Operating profit	11 466
Other operating expenses and interest	354
Net profit	11 112

(Source: adapted from <https://www.riotinto.com/en/invest/reports/annual-report>)

**Table 1**

2. (a) Using the information in Table 1, calculate *Rio Tinto's* cost of sales. You are advised to show your workings.

(2)

\$.....millions

- (b) Using the information in Table 1, calculate to 2 decimal places *Rio Tinto's* net profit margin. You are advised to show your workings.

(2)

.....%



3. Outline **one** benefit to *Rio Tinto* of being a public limited company (plc).

(2)

.....

.....

.....

.....

.....

.....

.....









**Mark Scheme:**

Question number	Answer	Mark
1	<p>Award 1 mark for stating one good that <i>Rio Tinto</i> extracts from its mines.</p> <p>Iron ore (1). Copper (1). Coal (1).</p> <p>Do not accept generic goods that would not be applicable to a mining company such as <i>Rio Tinto</i>. For example, tables, shoes etc.</p>	(1) AO2

Question number	Answer	Additional guidance	Mark
2(a)	<p>Substitution into correct formula:</p> <p>\$43 165 million - \$11 466 million (1)</p> <p>Answer: \$31 699 million (1)</p>	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Additional guidance	Mark
2(b)	<p>Substitution into correct formula:</p> <p><math>(\\$11\,112\text{m} \div \\$43\,165\text{m}) \times 100</math> (1)</p> <p>Answer: 25.74% (1)</p>	Award full marks for correct numerical answer without working.	(2) AO2



Question number	Answer	Mark
3	<p>Award up to 2 marks for linked points outlining a benefit to <i>Rio Tinto</i> of being a public limited company (plc). Award a maximum of 1 mark if points are not linked.</p> <p>It could issue new shares (1). Therefore, it could raise capital to fund new mining projects (1).</p> <p>It would allow the company to become larger (1). Therefore, it may be able to negotiate lower prices from suppliers of mining equipment e.g. excavators (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development <b>and</b> evidence of application.</p>	<b>(2)</b> <b>A02</b>



Question number	Indicative content		Mark
4	<ul style="list-style-type: none"> <li>This should give <i>Rio Tinto</i> the ability to sell its commodities such as iron ore in more markets (AO2).</li> <li><i>Rio Tinto</i> may now face larger amount of competition in the market for iron ore and copper from companies such as BHP (AO2).</li> <li>As a result, <i>Rio Tinto</i> may be able to increase its global share of the commodities market, allowing it to increase its global revenues (AO3a).</li> <li>This may result in greater levels of supply of metal ores. As a result, prices for metals may be forced down, reducing the profit margin <i>Rio Tinto</i> generates from the extraction of its commodities (AO3a).</li> </ul>		(6) AO2=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	<ul style="list-style-type: none"> <li>Limited application of knowledge and understanding of business concepts and issues to the business context (AO2).</li> <li>Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).</li> </ul>	
Level 2	3–4	<ul style="list-style-type: none"> <li>Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2).</li> <li>Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).</li> </ul>	
Level 3	5–6	<ul style="list-style-type: none"> <li>Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2).</li> <li>Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).</li> </ul>	



Question number	Indicative content	Mark
5	<ul style="list-style-type: none"><li>• Expansion of the mine should allow the company to produce more output (AO1b).</li><li>• The decision to expand the mine was unethical (AO1b).</li> <li>• This is because the Juukan Gorge contains £75 million worth of iron ore, which can be sold to manufacturers located in countries such as China (AO2).</li><li>• This is because <i>Rio Tinto</i> knew the site was sacred to the Aboriginal people and that it was 46,000 years old (AO2).</li> <li>• Therefore, because <i>Rio Tinto</i> is not breaking the law by extracting commodities from this location it should be able to generate extra revenues. If the costs of extraction are less than the selling price of the commodity, <i>Rio Tinto</i>'s profits should increase (AO3a).</li><li>• As a result, there may be outrage about <i>Rio Tinto</i>'s decision and it is likely that pressure will be put on the Australian government to change existing laws. This may make it more difficult to expand existing mines and may make them more expensive to operate. As a result, this may cause <i>Rio Tinto</i>'s costs to increase and revenues to fall.(AO3a).</li> <li>• However, the Juukan Gorge is a culturally significant place to the native people of Australia. As a result, there have been protests against the company and its unethical disregard for this ancient site. This could lead to a boycott of <i>Rio Tinto</i>'s products and the formation of pressure groups that may campaign for a change in the law. The extent to which this occurs though depends on the media publicity generated by the destruction of the caves since <i>Rio Tinto</i> have not broken any existing law (AO3b).</li><li>• However, <i>Rio Tinto</i> produce a product which is purchased by manufacturing businesses located overseas, not consumers. Therefore, it is very difficult for consumers to boycott <i>Rio Tinto</i>'s activities because its metal ores will be used in a large number of products made by different manufacturers. As a result, <i>Rio Tinto</i> may not care about the protests since by destroying the caves it has broken no law and it is difficult for pressure groups to have a negative impact on the company's image (AO3b).</li></ul>	<b>(12)</b> <b>AO1b=3</b> <b>AO2=3</b> <b>AO3a=3</b> <b>AO3b=3</b>



Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	<ul style="list-style-type: none"><li>• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b).</li><li>• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2).</li><li>• Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).</li><li>• Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b).</li></ul>
Level 2	5-8	<ul style="list-style-type: none"><li>• Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b).</li><li>• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2).</li><li>• Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a)</li><li>• Draws a conclusion based on sound evaluation of business information and issues (AO3b).</li></ul>
Level 3	9-12	<ul style="list-style-type: none"><li>• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b).</li><li>• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2).</li><li>• Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).</li><li>• Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b).</li></ul>



**Model answers to levels-based questions:**

4. Analyse the impact on *Rio Tinto* of increasing levels of globalisation.

**(6)**

Increased globalisation should mean that more countries reduce tariff barriers. This should allow Rio Tinto to export more of its **coal and iron ore** into countries such as **China** (explanation strand 1). This is because manufacturing companies that buy the **ore** will now be able to pay lower prices (explanation strand 2). This should therefore increase Rio Tinto's revenue from the sale of its **commodities** (explanation strand 3).

A second impact is that competition should increase. This is because competitors such as **BHP** will also be able to sell in more markets (explanation strand 4). This extra competition could force the price of **iron ore** down (explanation strand 5). As a result, Rio Tinto's profit margins from **mining operations** may decline (other explanation strands not required).

**Examiner Commentary:**

The candidate has decided to consider two impacts in two separate paragraphs. The first impact is a positive one and three logical linked strands of development emanate from it (highlighted in green). The second impact is negative (impacts can be both positive and negative) and a further three logical linked strands are developed. Note that the candidate would have reached Level 3 for Analysis (AO3a) without the final linked strand (only five are required).

In terms of Application (AO2) (highlighted in red), there is plenty of it spread over both impacts across the two paragraphs. Therefore, Application was also awarded Level 3. With two good Level 3s for both assessment objectives, the candidate was **awarded 6 marks**.



5. Evaluate the likely impact on *Rio Tinto* of its decision to expand its Brockman mine in Western Australia. You should use the information provided as well as your knowledge of business.

(12)

The decision to expand the **iron ore** mine in western Australia is unethical. This is because Rio Tinto have failed to act in a moral way and have not considered the interests of stakeholders such as the **Aborigines**.

The **Juukan Gorge** contained **caves** that were **sacred to the aboriginal people** of Australia and have existed for **46,000 years**. Therefore, the destruction of these **caves** to gain access to **£75 million worth of iron ore** could lead to the formation of pressure groups (**explanation strand 1**). Pressure groups could damage the image of Rio Tinto (**explanation strand 2**). This makes it more likely that the Australian government will pass legislation that will restrict Rio Tinto's **mining** activities in Australia (**explanation strand 3**). As a result, it is likely that the **mining** company will struggle to get permission to expand in other areas (**explanation strand 4**). This could reduce Rio Tinto's ability to **extract other metals** in other areas of Australia which could reduce revenues by more than the **£75 million** potentially gained from the destruction of the **caves** (**explanation strand 5**).

However, the **mining** company acted within the law so even though it could be argued that Rio Tinto made an unethical decision, perhaps the fault lies with the **Australian government**. It is responsible for making sure that laws protect places that are historically important such as the **Juukan Gorge**, and in this case, it has failed to do so. As a result, the impact on Rio Tinto should be small.

In conclusion, it could be argued that whilst Rio Tinto have done nothing wrong legally. However, Rio Tinto must have known that their image would have been damaged by their actions. Nevertheless, Rio Tinto may have believed that the extent to which they would be damaged by protests and **international criticism** would be limited. This is because the **iron ore** is exported and therefore it is almost impossible for consumers to boycott a company that produces a commodity which is then turned into products such **steel to be used in car manufacture** by other companies overseas. Therefore, the extent to which Rio Tinto will be



affected depends on the severity of the protests and the **international criticism**. If the protests continue, it may force the Australian government to pass laws which limit Rio Tinto's **mining** activities. This may cause costs to rise and potential revenue to fall reducing the company's profit from **iron ore extraction** in Australia.

### **Examiner Commentary:**

This response was **awarded 12 marks**. The level of knowledge and understanding was excellent throughout and Level 3 was awarded for this skill (AO1b). There was evidence of Application (AO2) throughout the answer (**highlighted in red**). In paragraph two, there were at least five logical, linked strands (**highlighted in green**). Thus, Analysis (AO3a) can be awarded at Level 3 also. The candidate then provided more strands of analysis in paragraph three which would also count for Evaluation (AO3b). Note the use of the word 'However...' at the start of paragraph three which signals that the candidate is now starting to consider the converse viewpoint. The final paragraph starts with 'In conclusion...' and this section makes use of the 'it depends rule' and goes beyond just a simple paraphrasing of what has been written earlier in the response. The candidate makes a subtle point about the fact that boycotts would have a limited impact on a company that does not produce consumer goods. This showed both excellent Application (AO2) and Evaluation (AO3b). With four strong Level 3s, the candidate was awarded full marks.