

INTERNATIONAL GCSE

Business (9-1)

SAMPLE ASSESSMENT MATERIALS

Pearson Edexcel International GCSE in Business (4BS1)

For first teaching September 2017

First examination June 2019



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Business

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Pearson

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Acknowledgements

This specification has been produced by Pearson on the basis of consultation with teachers, examiners, consultants and other interested parties. Pearson would like to thank all those who contributed their time and expertise to the specification's development.

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ISBN 9781446942758

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Introduction

The Pearson Edexcel International GCSE (9-1) in Business is designed for use in schools and colleges. It is part of a suite of International GCSE qualifications offered by Pearson.

These sample assessment materials have been developed to support this qualification and will be used as the benchmark to develop the assessment students will take.

General marking guidance

- All candidates must receive the same treatment. Examiners must mark the last candidate in exactly the same way as they mark the first.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do, rather than be penalised for omissions.
- Examiners should mark according to the mark scheme – not according to their perception of where the grade boundaries may lie.
- 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 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/indicative content will not be exhaustive.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, a senior examiner must be consulted before a mark is given.
- Crossed-out work should be marked **unless** the candidate has replaced it with an alternative response.

Marking guidance for levels-based mark schemes

How to award marks

The indicative content provides examples of how students will meet each skill assessed in the question. The levels descriptors and indicative content reflect the relative weighting of each skill within each mark band.

Finding the right level

The first stage is to decide which level the answer should be placed in. To do this, use a 'best-fit' approach, deciding which level most closely describes the quality of the answer. Answers can display characteristics from more than one level, and where this happens markers must use the guidance below and their professional judgement to decide which level is most appropriate.

Placing a mark within a level

After a level has been decided on, the next stage is to decide on the mark within the level. The instructions below tell you how to reward responses within a level. However, where a level has specific guidance about how to place an answer within a level, always follow that guidance. Statements relating to the treatment of students who do not fully meet the requirements of the question are also shown in the indicative content section of each levels based mark scheme. These statements should be considered alongside the levels descriptors.

Markers should be prepared to use the full range of marks available in a level and not restrict marks to the middle. Markers should start at the middle of the level (or the upper-middle mark if there is an even number of marks) and then move the mark up or down to find the best mark. To do this, they should take into account how far the answer meets the requirements of the level:

- if it meets the requirements fully, markers should be prepared to award full marks within the level. The top mark in the level is used for answers that are as good as can realistically be expected within that level
- if it only barely meets the requirements of the level, markers should consider awarding marks at the bottom of the level. The bottom mark in the level is used for answers that are the weakest that can be expected within that level
- the middle marks of the level are used for answers that have a reasonable match to the descriptor. This might represent a balance between some characteristics of the level that are fully met and others that are only barely met.

Write your name here

Surname

Other names

**Pearson Edexcel
International GCSE**

Centre Number

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Candidate Number

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Business

Level 1/2

Paper 1: Investigating small businesses

Sample assessment material for first teaching
September 2017

Time: 1 hour 30 minutes

Paper Reference

4BS1/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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FORMULAE FOR INTERNATIONAL GCSE BUSINESS STUDIES

Gross profit margin

Gross profit = revenue – cost of sales

$$\text{Gross profit margin} = \frac{\text{gross profit}}{\text{revenue}} \times 100$$

Operating profit margin

Operating profit = gross profit – other operating expenses

$$\text{Operating profit margin} = \frac{\text{operating profit}}{\text{revenue}} \times 100$$

Markup

$$\text{Markup} = \frac{\text{profit per item}}{\text{cost per item}} \times 100$$

Return on capital employed (ROCE)

$$\text{ROCE} = \frac{\text{operating profit}}{\text{capital employed}} \times 100$$

Current ratio

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

Acid test ratio

$$\text{Acid test ratio} = \frac{\text{current assets} - \text{inventory}}{\text{current liabilities}}$$

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** Haji Biriyani is a restaurant group located in Dhaka, Bangladesh. The business was started in 1939 by Haji Mohammed Hossain. The restaurant group now has three restaurants in Dhaka. It is famous for selling Biriyani, a mixed rice dish containing mutton and spices such as black peppercorns and cinnamon.

(a) (i) Which of the following is an element of the marketing mix?

(1)

<input type="checkbox"/>	A Pay
<input type="checkbox"/>	B Price
<input type="checkbox"/>	C Profit
<input type="checkbox"/>	D Productivity

(ii) Which of the following terms describes a situation where a worker is given the authority to carry out a task that a manager would normally do?

(1)

<input type="checkbox"/>	A Job rotation
<input type="checkbox"/>	B Job share
<input type="checkbox"/>	C Part-time employment
<input type="checkbox"/>	D Delegation

(iii) Which of the following could be a non-financial objective for the owner of a business?

(1)

<input type="checkbox"/>	A Improved chance of survival
<input type="checkbox"/>	B Increased market share
<input type="checkbox"/>	C Personal satisfaction
<input type="checkbox"/>	D Increased profit

(iv) Which of the following is a measure of the liquidity of a business?

(1)

<input type="checkbox"/>	A Net cash flow
<input type="checkbox"/>	B Profit
<input type="checkbox"/>	C Revenue
<input type="checkbox"/>	D Total costs

At the start of April 2016, Haji Biriyani has the following cash-flow forecast figures in Bangladesh Takas (Tks):

April opening cash balance 1 200 000 Tks

April cash inflow 1 400 000 Tks

April cash outflow 2 800 000 Tks

(v) What is the closing cash balance for Haji Biriyani at the end of April 2016?

(1)

<input type="checkbox"/>	A -1 600 000 Tks
<input type="checkbox"/>	B -200 000 Tks
<input type="checkbox"/>	C 2 600 000 Tks
<input type="checkbox"/>	D 5 400 000 Tks

Haji Biriyani needs to import 20kg of black peppercorns from India. The price of 1 kg of black peppercorns is 620 rupees.

(vi) The exchange rate between the Bangladesh Taka (Tks) and the Indian rupee is 1Tks = 0.8 rupees. How much will Haji Biriyani have to pay for the imported black peppercorns in Bangladesh Taka?

(1)

<input type="checkbox"/>	A 496 Tks
<input type="checkbox"/>	B 775 Tks
<input type="checkbox"/>	C 9 920 Tks
<input type="checkbox"/>	D 15 500 Tks

(b) Define the term '**revenue**'.

(1)

(c) Define the term '**variable costs**'.

(1)

(d) State **one** fixed cost that Haji Biriyani may have to pay.

(1)

Figure 1 shows selected information from Haji Biriyani's statement of comprehensive income in 2015.

	million Tks
Revenue	16
Cost of sales	(7)
Gross profit	9
Other operating expenses	(5)

Figure 1

(e) Calculate Haji Biriyani's operating profit margin in 2015. You are advised to show your working.

(2)

(f) Explain **one** disadvantage to a business of increased competition.

(3)

(g) Analyse the impact on Haji Biryani from preparing financial documents.

(6)

(Total for Question 1 = 20 marks)

2 Haji Biryani plans to expand and open a fourth restaurant in 2016. More staff will have to be employed.

- (a) State **one** piece of information a potential member of staff may include in their curriculum vitae (CV) when applying for a job with Haji Biryani. (1)

- (b) State **one** piece of information that may appear in a job description for a chef in the fourth Haji Biryani restaurant. (1)

- (c) Explain **one** reason why a business produces a person specification when it wants to recruit new employees. (3)

- (d) Explain **one** method a business could use to motivate its employees. (3)

(e) Explain **one** benefit to a business of having motivated employees.

(3)

The owners of Haji Biryiani want to reduce the break-even level of output for its main restaurant in Dhaka.

In order to reduce the break-even level of output, the owners are considering two options.

Option 1: Increase the price of food on its menu.

Option 2: Reduce the remuneration of its employees.

(f) Justify which one of these two options Haji Biryani should choose.

(9)

(Total for Question 2 = 20 marks)

3 (a) Define the term '**average total cost**'.

(1)

.....

.....

(b) Outline **one** reason why a restaurant group is best described as being in the tertiary sector.

(2)

.....

.....

.....

.....

Figure 2 shows the fixed and variable costs of making one biriyani meal at Haji Biriyani's main restaurant in Dhaka.

	Tks
Total fixed costs	20 000
Variable costs of mutton per meal	250
Variable costs of rice per meal	110
Variable costs of vegetables and spices per meal	40

Figure 2

(c) Calculate the total costs of making 10 biriyani meals.

(2)

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In 2015, Haji Biryani’s acid test ratio was 0.9.

(d) Analyse the impact of this acid test ratio on Haji Biryani.

(6)

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The owners of Haji Biryani want to judge the success of the restaurant group.

In order to do this, the owners are considering using the following two options.

Option 1: Customer satisfaction.

Option 2: Profit.

(e) Justify which one of these methods the owners should use.

(9)

(Total for Question 3 = 20 marks)

- 4 In 2015, Haji Biryani's total costs were 11 000 000 Tks. By opening a fourth restaurant the restaurant group estimates that its total costs will increase by 20%.

(a) Calculate the estimated total costs if Haji Biryani opens its fourth restaurant.

(2)

(b) Analyse the possible impact of a rise in Bangladeshi interest rates on Haji Biryani.

(6)

In 2015, Haji Biryani considered introducing a home delivery service where food ordered on the internet is delivered to customers at their homes.

- (c) Evaluate whether the introduction of a home delivery service would increase Haji Biryani's profits. You should use the information provided as well as your own knowledge of business.

(12)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

Mark Scheme

Sample assessment materials
for first teaching
September 2017

International GCSE in Business
(4BS1/01)

Paper 1: Investigating small
businesses

Question number	Answer	Mark
1(a) (i)	AO1 1 mark B Price	(1)

Question number	Answer	Mark
1(a) (ii)	AO1 1 mark D Delegation	(1)

Question number	Answer	Mark
1(a) (iii)	AO1 1 mark C Personal satisfaction	(1)

Question number	Answer	Mark
1(a) (iv)	AO1 1 mark A Net cash flow	(1)

Question number	Answer	Mark
1(a) (v)	AO2 1 mark B -200 000 Tks	(1)

Question number	Answer	Mark
1(a) (vi)	AO2 1 mark D 15 500 Tks	(1)

Question number	Answer	Mark
1(b)	AO1 1 mark Award 1 mark for a correct definition of revenue. Price multiplied by quantity sold (1) or income from sales (1).	(1)

Question number	Answer	Mark
1(c)	<p style="text-align: center;">AO1 1 mark</p> <p>Award 1 mark for a correct definition of variable costs.</p> <p>Costs that change when output changes (1).</p>	(1)

Question number	Answer	Mark
1(d)	<p style="text-align: center;">AO2 1 mark</p> <p>Award 1 mark for a correct reason in the context of the business.</p> <p>Rent on restaurants (1). Salaries of chefs (1). Advertising of restaurants (1). Interest on bank loans to buy cooking equipment (1). Insurance of restaurants (1).</p> <p>Accept any other appropriate response.</p>	(1)

Question number	Answer	Additional guidance	Mark
1(e)	<p>AO2 2 marks</p> <p>$(4m \text{ Tks}/16 \text{ Tks}) \times 100$</p> <p>Answer: 25%</p>	<p>Award 1 mark for correctly substituting numbers into formula.</p> <p>Award full marks for correct numerical answer without working.</p>	(2)

Question number	Answer	Mark
1(f)	<p style="text-align: center;">AO1 3 marks</p> <p>Award 1 mark for identification of a disadvantage, plus 2 further marks for explaining how this disadvantage will affect a business for a maximum of 3 marks.</p> <p>One disadvantage is that it will force a business to lower its prices (1). Therefore, the business will have to accept lower profit margins (1). As a result, the business will have less retained profit (1).</p> <p>NB Answers that list more than one disadvantage with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Indicative content
1(g)	<p style="text-align: center;">A02 (3 marks)/A03 (3 marks)</p> <p>A02</p> <ul style="list-style-type: none"> The restaurant group should prepare financial documents because it is a legal requirement and it will need to pay tax to the Bangladesh government on its profits. Banks would want to see the restaurant group's statement of comprehensive income and statement of financial position in order to determine whether it should give Haji Biryani a loan or allow its overdraft to be increased. <p>A03</p> <ul style="list-style-type: none"> Without a statement of comprehensive income, the business may not end up paying accurate levels of tax. This could lead to Haji Biryani being fined. This would increase cash outflows and increase the risk of business failure. Therefore, without proper financial documents Haji Biryani would find it very difficult to access external sources of finance. This would reduce Haji Biryani's liquidity position and make it harder to fund new projects like opening up further restaurants in Bangladesh.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context. (A02) Attempts to deconstruct business information and/or issues, finding limited connections between points. (A03)
Level 2	3–4	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (A02) Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (A03)
Level 3	5–6	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (A02) Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (A03)

Question number	Answer	Mark
2(a)	<p style="text-align: center;">AO2 1 mark</p> <p>Award 1 mark for any valid piece of information in the context of the business.</p> <p>Qualifications that are food/hygiene-related (1). Experience of working in a restaurant (1). References from previous owners of restaurants (1).</p> <p>Accept any other appropriate response.</p>	(1)

Question number	Answer	Mark
2(b)	<p style="text-align: center;">AO2 1 mark</p> <p>Award 1 mark for any valid piece of information in the context of the business.</p> <p>Hours worked in the kitchen (1). Remuneration received for working in the kitchen (1). Food preparation qualifications required (1). Duties involved in the kitchen (1).</p> <p>Accept any other appropriate response.</p>	(1)

Question number	Answer	Mark
2(c)	<p style="text-align: center;">AO1 3 marks</p> <p>Award 1 mark for identification of a reason, plus 2 further marks for explaining why this reason may cause a business to write a person specification, for a maximum of 3 marks.</p> <p>The business wants to make sure they employ the right person (1), therefore there will be fewer complaints (1). As a result, the business is more likely to have higher levels of customer satisfaction (1).</p> <p>NB Answers that list more than one reason with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Answer	Mark
2(d)	<p style="text-align: center;">A01 3 marks</p> <p>Award 1 mark for identification of a method, plus 2 further marks for explaining how this method may motivate employees, for a maximum of 3 marks.</p> <p>Giving employees a bonus (1), therefore employees will feel valued by the business (1). As a result, the employees will satisfy their esteem needs in Maslow's hierarchy (1).</p> <p>NB Answers that list more than one method with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Answer	Mark
2(e)	<p style="text-align: center;">A01 3 marks</p> <p>Award 1 mark for the identification of a benefit to the business of having motivated employees and a further 2 marks for an explanation of the benefit, up to a maximum of 3 marks.</p> <p>Employees will become more loyal (1), therefore they are less likely to leave the business (1). As a result, the business will not have to spend as much employing new employees (1).</p> <p>NB Answers that list more than one benefit with no explanation will get a maximum of one mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Indicative content	
2(f)	<p align="center">A02 (3 marks)/A03 (3 marks)/A04 (3 marks)</p> <p>A02</p> <ul style="list-style-type: none"> Option 1 – This means that each spiced curry dish will generate more revenue. Option 2 – This means that each chef and waiter will be paid less money, which reduces the fixed costs of the business. <p>A03</p> <ul style="list-style-type: none"> Option 1 – Therefore, the total costs of the business will be paid off faster, allowing the break-even point to decrease. Option 2 – Therefore, with lower fixed costs, the total costs of the business will fall, allowing the revenue of the business to pay off the total fixed costs faster and resulting in a lower break-even point. <p>A04</p> <ul style="list-style-type: none"> Option 1 – However, raising the price will make customers less likely to want to visit the restaurant, so it is possible that demand could fall rather than increase, resulting in less revenue and a higher break-even point. Option 2 – However, the motivation of the chef and waiters may decrease, resulting in lower-quality food and poor customer service. This may cause potential customers to go to rival restaurants, resulting in lower revenue and a higher, rather than lower, break-even point. 	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context. (A02) Attempts to deconstruct business information and/or issues, finding limited connections between points. (A03) Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (A04)
Level 2	4–6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (A02) Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (A03) Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (A04)
Level 3	7–9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (A02) Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (A03) Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (A04)

Question number	Answer	Mark
3(a)	<p style="text-align: center;">AO1 1 mark</p> <p>Award 1 mark for a correct definition of average total cost.</p> <p>Where average total costs (ATC)/unit costs fall when output increases (1) or where unit costs fall when output increases (1).</p>	(1)

Question number	Answer	Mark
3(b)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 1 mark for identifying a reason why a restaurant group, such as Haji Biryani is part of the tertiary sector of the Bangladesh economy, plus 1 further mark for linking it to the context of the question.</p> <p>Haji Biryani serves food (1). This means that it provides a service to consumers (1).</p> <p>NB Do not accept reasons that would not be appropriate for the context of Haji Biryani.</p> <p>Accept any other appropriate response.</p>	(2)

Question number	Answer	Additional guidance	Mark
3(c)	<p>AO2 2 marks</p> <p>$20\,000 + (400 \times 10)$</p> <p>Answer: 24 000 Tks</p>	<p>Award 1 mark for correctly substituting numbers into formula.</p> <p>Award full marks for correct numerical answer without working.</p>	(2)

Question number	Indicative content	
3(d)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)</p> <p>AO2</p> <ul style="list-style-type: none"> • This means that the restaurant group's current liabilities are not covered by the current assets minus inventory, such as stocks of rice. • For a restaurant group 0.9 is not a poor acid-test ratio since stocks of food will be turned into meals and sold for cash very quickly. <p>AO3</p> <ul style="list-style-type: none"> • Therefore, Haji Biryani may have liquidity problems and, as a result, the restaurant group may be at risk of over-expansion. • Therefore, despite the acid-test ratio being below 1, this does not mean that Haji Biryani is facing cash flow problems: it could just mean they are being efficient with their use of working capital. 	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3–4	<ul style="list-style-type: none"> • Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5–6	<ul style="list-style-type: none"> • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question number	Indicative content
3(e)	<p style="text-align: center;">A02 (3 marks)/A03 (3 marks)/A04 (3 marks)</p> <p>A02</p> <ul style="list-style-type: none"> • Option 1 – Customer satisfaction will show the restaurant owners how happy customers are with the food quality and the speed of service. • Option 2 – A high level of profit will show the owners of the restaurant that they can make food at a cost which is lower than the price that they can sell it for. <p>A03</p> <ul style="list-style-type: none"> • Option 1 – Therefore, customer satisfaction would be a useful measure of success since it would tell the business about the strength of its brand and how happy customers are with the product. This should then lead to higher revenues and profit. • Option 2 – Therefore, this would be a useful measure of success since it means that the business will not fail financially and returns are being generated for its owners. <p>A04</p> <ul style="list-style-type: none"> • Option 1 – However, customer satisfaction is hard to measure accurately. If the restaurant uses questionnaires it is possible that customers may mislead the restaurant by filling them in inaccurately. This could result in the business being less successful than it first thought. • Option 2 – However, although the maximisation of profit in the short term may suggest that the business is successful, it may not reflect long-term success, especially if costs are cut to maximise profit, such as purchasing poorer-quality raw materials. This could damage the restaurant's brand and cause customers to dine at rivals' restaurants.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4–6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (AO2) Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7–9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question number	Answer	Additional guidance	Mark
4(a)	A02 2 marks $11\,000\,000 \times 1.2$ Answer: 13 200 000 Tks	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)

Question number	Indicative content	
4(b)	A02 (3 marks)/A03 (3 marks) A02 <ul style="list-style-type: none"> This means that any loans that Haji Biriyani take out from banks to fund the fourth restaurant will become more expensive. People living in Dhaka will now have to pay more money on their loans, resulting in less spare income being available to allow them to visit restaurants. A03 <ul style="list-style-type: none"> Therefore, the fixed costs of the business will rise. As a result, more revenue will be required to break even, resulting in a lower break-even point for the restaurant group. Therefore, demand for Haji Biriyani's food will decrease, leading to lower revenues and falling cash inflows. This would increase the risk of business failure. 	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context. (A02) Attempts to deconstruct business information and/or issues, finding limited connections between points. (A03)
Level 2	3–4	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (A02) Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (A03)
Level 3	5–6	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (A02) Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (A03)

Question number	Indicative content
4(c)	<p>A01 (3 marks)/A02 (3 marks)/A03 (3 marks)/A04 (3 marks)</p> <p>A01</p> <ul style="list-style-type: none"> • Home delivery would result in increased customer satisfaction. • Home delivery could allow Haji Biryani to move into the takeaway market. <p>A02</p> <ul style="list-style-type: none"> • This is because customers can now place their orders over the internet and the food will be delivered to their homes. • This market is bigger since customers no longer have to travel from inconvenient parts of Dhaka to eat Haji Biryani's food. <p>A03</p> <ul style="list-style-type: none"> • Therefore, this means customers no longer have to travel across Dhaka, wasting time. As a result, customers may be willing to pay more for the home delivery service, increasing the profits of the business. • As a result, the potential demand will increase significantly, resulting in much higher potential revenues which should lead to higher profits. <p>A04</p> <ul style="list-style-type: none"> • However, Haji Biryani is a restaurant not a takeaway and, therefore, customers may enjoy dining in the restaurant, a luxury which they would not get from a home delivery service. As a result, the new service may simply increase costs but not improve revenues by as much, resulting in lower, rather than higher, profits. • However, the takeaway market may be much more competitive than the restaurant market and, with many other restaurants also offering a home delivery service, the extra revenues generated by Haji Biryani may not be high. Therefore, with the extra costs of employing drivers to deliver the food, profits may be lower in the short term until customers start to become loyal to the new service.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	<ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1) • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues. (AO4)
Level 2	5–8	<ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places. (AO1) • Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Draws a conclusion based on sound evaluation of business information and issues. (AO4)
Level 3	9–12	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1) • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues. (AO4)

Write your name here

Surname

Other names

**Pearson Edexcel
International GCSE**

Centre Number

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Candidate Number

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Business

Level 1/2

Paper 2: Investigating large businesses

Sample assessment material for first teaching
September 2017

Time: 1 hour 30 minutes

Paper Reference

4BS1/02

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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FORMULAE FOR INTERNATIONAL GCSE BUSINESS STUDIES

Gross profit margin

Gross profit = revenue – cost of sales

$$\text{Gross profit margin} = \frac{\text{gross profit}}{\text{revenue}} \times 100$$

Operating profit margin

Operating profit = gross profit – other operating expenses

$$\text{Operating profit margin} = \frac{\text{operating profit}}{\text{revenue}} \times 100$$

Markup

$$\text{Markup} = \frac{\text{profit per item}}{\text{cost per item}} \times 100$$

Return on capital employed (ROCE)

$$\text{ROCE} = \frac{\text{operating profit}}{\text{capital employed}} \times 100$$

Current ratio

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

Acid test ratio

$$\text{Acid test ratio} = \frac{\text{current assets} - \text{inventory}}{\text{current liabilities}}$$

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** Apple is a US technology company specialising in branded devices such as iPods, iPads and iPhones. These brands are well known around the world. In 2015, Apple was recognised as the most valuable global brand by Interbrand (a market research group).

In 2016, revenue from Apple products fell for the first time in over ten years. To improve profitability, Apple now intends to focus on its new products, such as the Apple watch. Following the collection of primary market research, Apple have also improved their social media presence and now provide advice and customer support using Twitter.

(Source: adapted from www.mirror.co.uk/tech/apple-launches-twitter-account-deal-7493412 accessed on 12/6/16)

- (a) (i) Which of the following is a reason why a business would advertise its products?

(1)

<input type="checkbox"/>	A To shorten the product life cycle
<input type="checkbox"/>	B To create customer loyalty
<input type="checkbox"/>	C To identify gaps in the market
<input type="checkbox"/>	D To create employment

- (ii) Which of the following describes a person who pays to use another business's products and branding?

(1)

<input type="checkbox"/>	A Franchisor
<input type="checkbox"/>	B Entrepreneur
<input type="checkbox"/>	C Franchisee
<input type="checkbox"/>	D Shareholder

(iii) Which one of the following is an internal source of finance that could be used by a company?

(1)

<input type="checkbox"/>	A Crowdfunding
<input type="checkbox"/>	B Venture capital
<input type="checkbox"/>	C Selling assets
<input type="checkbox"/>	D Personal savings

(iv) Which one of the following is an example of an external economy of scale?

(1)

<input type="checkbox"/>	A Bulk buying of raw materials
<input type="checkbox"/>	B Employing specialist workers
<input type="checkbox"/>	C Purchasing more productive machinery
<input type="checkbox"/>	D Improving infrastructure

The cost of manufacturing an iPod nano 6 is estimated to be US\$45.

(v) If Apple used a mark-up of 200%, identify the selling price of an iPod nano 6.

(1)

<input type="checkbox"/>	A US\$90
<input type="checkbox"/>	B US\$135
<input type="checkbox"/>	C US\$170
<input type="checkbox"/>	D US\$245

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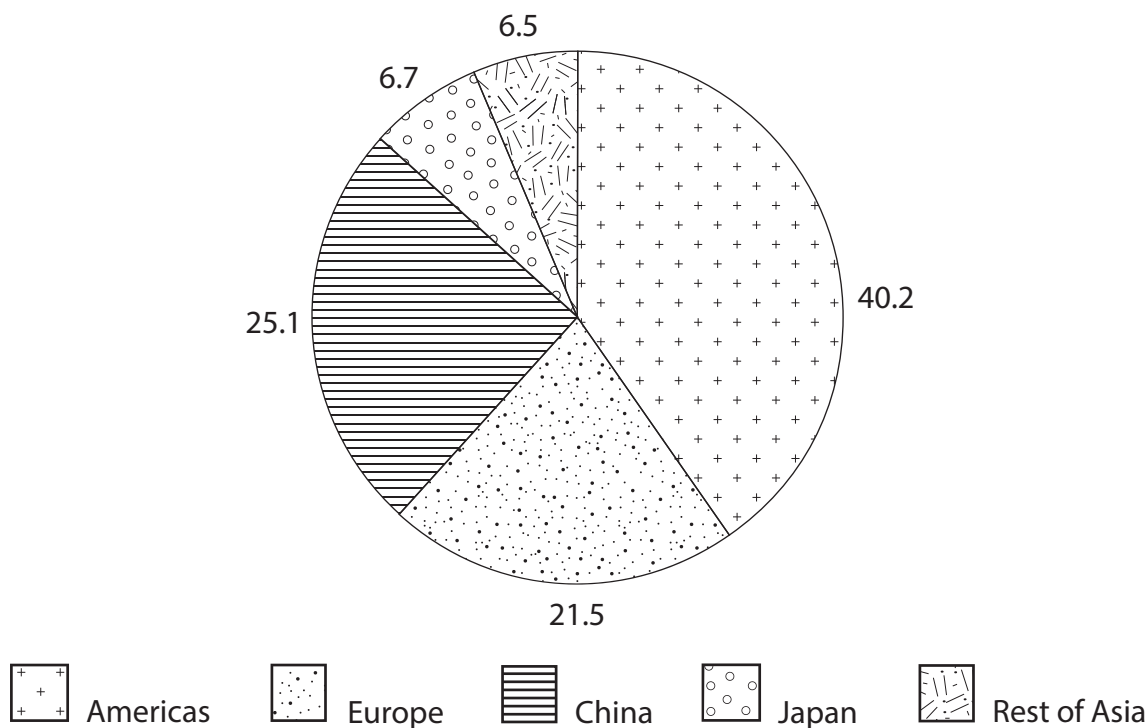
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In 2015, Apple managed to generate global sales of US\$233.71bn with profits of US\$53.4bn.

Figure 1 shows how these global sales are divided up over the different market segments to which it sells.

Apple % sales in each region in 2015



(Source: adapted from www.statista.com/statistics/382288/geographical-region-share-of-revenue-of-apple/ accessed on 12/6/16)

Figure 1

(vi) What was the total value of sales made by Apple in the Rest of Asia in 2015?

(1)

<input type="checkbox"/>	A US\$6.50bn
<input type="checkbox"/>	B US\$6.70bn
<input type="checkbox"/>	C US\$15.19bn
<input type="checkbox"/>	D US\$167.57bn

(b) Define the term '**brand**'.

(1)

(c) Define the term '**market segment**'.

(1)

(d) State **one** possible impact on Apple of falling revenues.

(1)

The selling price of an iPhone 6 is US\$800 and the cost of sales is US\$200.

(e) Calculate the gross profit margin on an iPhone 6. You are advised to show your working.

(2)

(f) Explain **one** benefit to a business of using primary market research.

(3)

(g) Analyse the impact of social media on Apple.

(6)

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(Total for Question 1 = 20 marks)

- 2 Since 2003, Apple has expanded rapidly as demand for its products has increased. It has opened up new customer service centres in different parts of the world. This has made internal communication within Apple more difficult. To meet the needs of customers more effectively, Apple's Chief Executive Officer, Tim Cook, is considering changing the company's organisational structure.

(Sources: adapted from <https://storify.com/gdylan10/why-apple-inc-is-a-centralized-company> and <http://appleinsider.com/articles/14/09/17/tim-cook-explains-consolidation-at-apple-in-new-interview> accessed on 12/6/16)

- (a) State **one** barrier to communication for Apple.

(1)

- (b) State **one** problem of ineffective communication for Apple.

(1)

- (c) Explain **one** benefit to a business of on-the-job training.

(3)

- (d) Explain **one** disadvantage of product orientation for a business.

(3)

(e) Explain **one** benefit of using lean production methods for a business.

(3)

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Apple is considering two options to improve communication within the company.

Option 1: Keep the centralised organisational structure.

Option 2: Move to a flat organisational structure.

(f) Justify which one of these two options Apple should choose.

(9)

(Total for Question 2 = 20 marks)

- 3 An extract from Apple's 2014 statement of financial position is shown in Figure 2 below.

	2014 (in US\$ m)
Current assets	68 531
Non-current assets	163 308
Inventory	2 111
Non-current liabilities	56 844
Current liabilities	63 448

(Source: adapted from <http://investor.apple.com/secfiling.cfm?filingid=1193125-14-383437> accessed on 12/6/16)

Figure 2

- (a) Define the term '**current liabilities**'.

(1)

- (b) Outline **one** reason why Apple makes use of trade payables.

(2)

- (c) Calculate Apple's current ratio for 2014.
You are advised to show your working.

(2)

(d) Analyse the statement of financial position in terms of its usefulness to Apple.

(6)

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(9)

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- 4 Apple uses foreign companies, such as Foxconn, to manufacture its products. This has led to an improvement in productivity. Foxconn's factories produce 510,000 iPhones per day, using 30,000 workers.

(Source: adapted from <http://fortune.com/2013/11/27/by-the-numbers-how-foxconn-churns-out-apples-iphone-5s/> accessed on 12/6/16)

- (a) Calculate the daily iPhone productivity of a Foxconn employee.
You are advised to show your working.

(2)

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Foxconn has decided to increase the use of robotics in their iPhone factories.

- (b) Analyse the possible benefits to Foxconn of increasing their use of robotics.

(6)

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The global technology market is highly competitive.

- (c) Evaluate the importance of product quality in allowing Apple to remain competitive. You should use the information provided as well as your own knowledge of business.

(12)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

Mark Scheme

Sample assessment materials
for first teaching September
2017

International GCSE in Business
(4BS1/02)

Paper 2: Investigating large
businesses

Question number	Answer	Mark
1(a) (i)	AO1 1 mark B Create customer loyalty	(1)

Question number	Answer	Mark
1(a) (ii)	AO1 1 mark C Franchisee	(1)

Question number	Answer	Mark
1(a) (iii)	AO1 1 mark C Selling assets	(1)

Question number	Answer	Mark
1(a) (iv)	AO1 1 mark D Improved infrastructure	(1)

Question number	Answer	Mark
1(a) (v)	AO2 1 mark B \$135	(1)

Question number	Answer	Mark
1(a) (vi)	AO2 1 mark C \$15.19bn	(1)

Question number	Answer	Mark
1(b)	AO1 1 mark Award 1 mark for a correct definition of brand. Having a unique name/logo/identity (1).	(1)

Question number	Answer	Mark
1(c)	<p style="text-align: center;">AO1 1 mark</p> <p>Award 1 mark for a correct definition of market segment.</p> <p>Part of a market where consumers have similar characteristics (1).</p>	(1)

Question number	Answer	Mark
1(d)	<p style="text-align: center;">AO2 1 mark</p> <p>Award 1 mark for a correct reason in the context of the business.</p> <p>Lower profits from sales of iPhones and iPods (1). Smaller market share in the mobile phone market (1).</p> <p>Accept any other appropriate response.</p>	(1)

Question number	Answer	Additional guidance	Mark
1(e)	<p>AO2 2 marks</p> <p>$\\$600/\\800×100</p> <p>Answer: 75%</p>	<p>Award 1 mark for correctly substituting numbers into formula.</p> <p>Award full marks for correct numerical answer without working.</p>	(2)

Question number	Answer	Mark
1(f)	<p style="text-align: center;">AO1 3 marks</p> <p>Award 1 mark for identification of a benefit, plus 2 further marks for explaining how this benefit will affect a business, for a maximum of 3 marks.</p> <p>Allows a business to gain information direct from consumers (1), therefore the business can use this information to alter the product (1). As a result, the business will become more competitive (1).</p> <p>NB Answers that list more than one benefit with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Indicative content	
1(g)	<p style="text-align: center;">A02 (3 marks)/A03 (3 marks)</p> <p>A02</p> <ul style="list-style-type: none"> • The technology market rapidly changes as companies such as Samsung release new tablets. • Social media is a fast and convenient way of providing customer support to customers who have problems with their iPhones. <p>A03</p> <ul style="list-style-type: none"> • Social media allows Apple to interact with its customers, enabling them to build brand loyalty. • This reduces customer frustration, differentiating Apple's devices from Samsung's and allowing Apple to charge a premium. 	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • Limited application of knowledge and understanding of business concepts and issues to the business context. (A02) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (A03)
Level 2	3–4	<ul style="list-style-type: none"> • Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (A02) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (A03)
Level 3	5–6	<ul style="list-style-type: none"> • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (A02) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (A03)

Question number	Answer	Mark
2(a)	<p style="text-align: center;">AO2 1 mark</p> <p>Award 1 mark for a valid barrier in the context of the business.</p> <p>Use of jargon/technical language between phone development teams (1).</p> <p>Breakdown of communication equipment from offices in different parts of the world (1).</p> <p>Accept any other appropriate response.</p>	(1)

Question number	Answer	Mark
2(b)	<p style="text-align: center;">AO2 1 mark</p> <p>Award 1 mark for valid problem in the context of the business.</p> <p>Mistakes will be made when ordering supplies for iPods (1).</p> <p>Costs of producing iMacs will increase (1).</p> <p>Demotivation of employees who produce iPhones (1).</p> <p>Accept any other appropriate response.</p>	(1)

Question number	Answer	Mark
2(c)	<p style="text-align: center;">AO1 3 marks</p> <p>Award 1 mark for identification of a benefit, plus 2 further marks for an explanation of why on-the-job training is beneficial for a business, for a maximum of 3 marks.</p> <p>Allows a business to train their staff while they are working (1). They will learn how to do the job faster (1) and, as a result, training costs will fall (1).</p> <p>NB Answers that list more than one benefit with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Answer	Mark
2(d)	<p style="text-align: center;">A01 3 marks</p> <p>Award 1 mark for identification of a disadvantage, plus 2 further marks for explaining why product orientation is a disadvantage for businesses, for a maximum of 3 marks.</p> <p>Products may not suit the needs of customers (1) and so potential customers may purchase from rival businesses (1). As a result, the business will lose market share (1).</p> <p>NB Answers that list more than one disadvantage with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Answer	Mark
2(e)	<p style="text-align: center;">A01 3 marks</p> <p>Award 1 mark for identification of a benefit of lean production and a further 2 marks for an explanation of that benefit, up to a maximum of 3 marks.</p> <p>Reduced waste (1) - as unnecessary stock is removed from the production process (1) therefore costs are reduced (1).</p> <p>NB Answers that list more than one benefit with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question number	Indicative content
2(f)	<p style="text-align: center;">A02 (3 marks)/A03 (3 marks)/A04 (3 marks)</p> <p>A02</p> <ul style="list-style-type: none"> • Option 1 – Remaining centralised is appropriate to a technology company since there is little scope to adapt hardware in different markets. • Option 2 – Moving to a flat organisational structure will give local managers more freedom to provide technical support that is appropriate to each individual country. <p>A03</p> <ul style="list-style-type: none"> • Option 1 – Therefore, remaining centralised provides the scope to take advantage of economies of scale which reduces average total costs (ATC). • Option 2 – This means that Apple’s customer satisfaction will increase because it is catering for customers with different languages/religions. This provides Apple with a USP. <p>A04</p> <ul style="list-style-type: none"> • Option 1 – However, customers will still need technical support even though the hardware is identical. Therefore, a centralised organisational structure may reduce the quality of customer service given to each national market. This could damage Apple’s brand image. • Option 2 – However, the extent to which this benefits Apple is limited since most processes are standardised so costs could increase through a flat organisational structure with no real improvement in customer service.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4–6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (AO2) Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7–9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question number	Answer	Mark
3(a)	<p style="text-align: center;">AO1 1 mark</p> <p>Award 1 mark for a written response or formula.</p> <p>Debts that the company must pay in the short term (1) or trade payables plus overdrafts (1).</p>	(1)

Question number	Answer	Mark
3(b)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 1 mark for identifying a reason why Apple would want to make use of trade payables, plus 1 further mark for linking it to the context of the question.</p> <p>This means Apple can gain the use of processors from suppliers without paying for them straight away (1). This would improve Apple's liquidity (1).</p> <p>NB Do not accept reasons that would not be appropriate for the context of Apple.</p>	(2)

Question number	Answer	Additional guidance	Mark
3(c)	<p>AO2 2 marks</p> <p>\$68 531m/\$63 448m (1)</p> <p>Answer: 1.08 (1)</p>	<p>Award 1 mark for correctly substituting numbers into formula.</p> <p>Award full marks for correct numerical answer without working.</p>	(2)

Question number	Indicative content	
3(d)	<p style="text-align: center;">A02 (3 marks)/A03 (3 marks)</p> <p>A02</p> <ul style="list-style-type: none"> • Apple will be able to measure how profitable it is compared to other technology companies. • Apple will be able to assess whether it has too much capital tied up in stocks of iPhones. <p>A03</p> <ul style="list-style-type: none"> • This is because Apple can measure its profit relative to its capital employed to calculate the rate of return (ROCE) on capital employed. • Therefore, Apple will be able to see if it has any liquidity problems caused by holding too much stock. 	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • Limited application of knowledge and understanding of business concepts and issues to the business context. (A02) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (A03)
Level 2	3–4	<ul style="list-style-type: none"> • Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (A02) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (A03)
Level 3	5–6	<ul style="list-style-type: none"> • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (A02) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (A03)

Question number	Indicative content
3(e)	<p style="text-align: center;">A02 (3 marks)/A03 (3 marks)/A04 (3 marks)</p> <p>A02</p> <ul style="list-style-type: none"> • Option 1 – Apple is a successful technology company. Issuing new shares will raise a significant sum of capital to finance product development. • Option 2 – Apple will have significant retained profits since, in 2015, it made US \$53.4Bn in profit, which can be used to finance product development. <p>A03</p> <ul style="list-style-type: none"> • Option 1 – This source of capital is cheaper than using a bank loan, which will allow Apple to minimise interest costs, enabling the company to maintain its profitability and not be subject to increased levels of risk. • Option 2 – Retained profits are the cheapest source of finance. Using this method overcomes the drawback of diluting the control of existing Apple shareholders, something which would occur if new share capital was issued. <p>A04</p> <ul style="list-style-type: none"> • Option 1 – However, issuing new share capital will dilute the existing shareholders' percentage ownership of the company, and the costs of issuing new shares may be expensive. • Option 2 – However, by using retained profit there will be less profit available for distribution. As a result, shareholders may be frustrated in the short term since dividends may fall to fund Apple's desire to innovate.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	4–6	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (AO2) Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)
Level 3	7–9	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

Question number	Answer	Additional guidance	Mark
4(a)	A02 2 marks $510\,000 \div 30\,000$ (1) Answer = 17 iPhones per worker per day (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)

Question number	Indicative content	
4(b)	A02 (3 marks)/A03 (3 marks) A02 <ul style="list-style-type: none"> Foxconn will be able to remove human error in the manufacture of an iPhone, which may result in, for example, faulty LCD displays or badly-fitted cameras. Foxconn will be able to manufacture iPhones faster so that the average total cost of each unit decreases. A03 <ul style="list-style-type: none"> As a result, Apple will reject fewer finished iPhones, allowing Foxconn to gain repeat custom. The use of robotics will allow Foxconn to make a higher operating profit margin on each of the iPhones that it sells to Apple. 	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context. (A02) Attempts to deconstruct business information and/or issues, finding limited connections between points. (A03)
Level 2	3–4	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (A02) Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (A03)
Level 3	5–6	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (A02) Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (A03)

Question number	Indicative content
4(c)	<p>AO1 (3 marks)/AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks)</p> <p>AO1</p> <ul style="list-style-type: none"> • Product quality will enable Apple to gain a competitive advantage. • Increased quality will allow Apple to charge higher prices for its products. <p>AO2</p> <ul style="list-style-type: none"> • This is because their devices will now stand out compared to rival manufacturers such as Samsung. • This is because Apple's phones will have better features such as high-resolution cameras and fingerprint scanners. <p>AO3</p> <ul style="list-style-type: none"> • Therefore, demand for Apple's devices will increase, leading to higher revenues, which will allow Apple to further increase their profits. • As a result, Apple will be able to add value to their phones, allowing a larger operating profit margin to be generated from each sale. <p>AO4</p> <ul style="list-style-type: none"> • However, other factors may also be important in allowing Apple to be successful, such as how they promote their mobile phones to consumers. • However, producing higher-quality mobile phones will increase Apple's costs, therefore it is possible that operating profit margins may fall unless the increase in quality adds value.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	<ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1) • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues. (AO4)
Level 2	5–8	<ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places. (AO1) • Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Draws a conclusion based on sound evaluation of business information and issues. (AO4)
Level 3	9–12	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1) • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues. (AO4)

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