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# Mark Scheme (Results)

## November 2020

Pearson Edexcel International GCSE
In Business (4BS1)
Paper 2R: Investigating large businesses

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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.

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| Question Number | Answer | Mark |
|---|---|---|
| **1 (a) (i)** | **AO1 = 1 mark**<br><br>**The only correct answer is D - Manufacture of finished goods**<br><br>A is not correct because production does not provide services<br><br>B is not correct because production is not the exchange of goods<br><br>C is not correct because extraction of raw materials is not production | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| **1 (a)(ii)** | **AO1 = 1 mark**<br><br>**The only correct answer is B - The person is given support from an established business**<br><br>A is not correct because a franchise cannot buy supplies from anyone<br><br>C is not correct because a franchise is not guaranteed a set wage<br><br>D is not correct because the profits are not shared in a franchise | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| **1 (a) (iii)** | **AO2 = 1 mark**<br><br>**The only correct answer is D - 50.94%**<br><br>A is not correct because 6.63% calculation incorrect<br><br>B is not correct because 1 600 / 1 060 = 15.09<br><br>C is not correct because 1 600 – 1 060 = 0.52 / 1 600 = 33.75% | **(1)** |

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| Question Number | Answer | Mark |
|---|---|---|
| **1 (a)(iv)** | **AO1 = 1 mark**<br><br>**The only correct answer is A - Higher loan repayments**<br><br>B is not correct because a bank increasing the interest rates does not affect labour costs<br><br>C is not correct because a bank increasing interest rates would possibly reduce net cash flow<br><br>D is not correct because a bank increasing interest rates would possibly reduce sales | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| **1 (a) (v)** | **AO1 = 1 mark**<br><br>**The only correct answer is B - It is funded by government**<br><br>A is not correct because a public corporation is not owned by the directors<br><br>C is not correct because a public corporation does not aim to maximise profit<br><br>D is not correct because a public corporation is accountable to the public | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| **1 (a)(vi)** | **AO2 = 1 mark**<br><br>**The only correct answer is C - £980 000**<br><br>A is not correct because - £40 000 is cash inflow minus outflow<br><br>B is not correct because £40 000 is outflow minus inflow<br><br>D is not correct because opening balance £1020 000 plus outflow £400000 minus inflow £360 000 | **(1)** |

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| Question Number | Answer | Mark |
|---|---|---|
| **1 (b)** | **AO1 = 1 mark**<br><br>Award 1 mark for a correct definition of commission.<br><br>• Payment made to an employee linked to the number of sales made (1). | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| **1 (c)** | **AO1 = 1 mark**<br><br>Award 1 mark for a correct definition of revenue.<br><br>• Money from the sale of goods/services (1). | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| **1 (d)** | **A02 = 1 mark**<br><br>Award 1 mark for a valid reason for having a short span of control in the context of the business.<br><br>• This allows the directors of *HRMW* to communicate with all manufacturing departments such as boxing gloves and hockey sticks (1).<br><br>**Accept any other appropriate response**. | **(1)** |

| Question Number | Answer | Additional guidance | Mark |
|---|---|---|---|
| **1 (e)** | **A02 = 2 marks**<br><br>92 322 – 85 083 = 7 239 (1)<br><br>7 239/85 038 = 8.51% (1) | Award 1 mark for substituting numbers into formula correctly.<br><br>Award full marks for correct numerical answer without working. | **(2)** |

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| Question Number | Answer | Mark |
|---|---|---|
| **1 (f)** | **A01 = 3 marks**<br><br>Award 1 mark for identification of a reason for sponsoring an event, plus 2 further marks for explaining the reason, for a maximum of 3 marks.<br><br>• Sponsorship is making a financial contribution to an event (1). This makes more people aware of the business's products (1). This could, in turn, increase sales of those products (1).<br><br>Answers that list three reasons with no explanation will get a maximum of 1 mark.<br><br>**Accept any other appropriate response**. | **(3)** |

| Question Number | Indicative content | Mark |
|---|---|---|
| **1 (g)** | **AO2 = 3 marks AO3 = 3 marks**<br><br>**AO2**<br>• It differentiates its football products from those of its competitors.<br>• It helps customers to recognise its own logo that appears on all its products.<br><br>**AO3**<br>• Advertising the footballs is easier because customers are aware of the brand name and the quality of products.<br>• Customers are more likely to buy a *HRMW* hockey stick, rather than an unbranded product, when they see the logo. | **(6)** |

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| Level | Mark | Descriptor |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1-2 | • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2)<br>• Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) |
| **Level 2** | 3-4 | • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2)<br>• 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 | • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2)<br>• Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) |

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| Question Number | Answer | Mark |
|---|---|---|
| **2 (a)** | **A02 = 1 mark**<br><br>Award 1 mark for a valid function of human resources in the context of the business.<br><br>• To recruit and select skilled employees to manufacture hockey sticks at *HRMW*'s factory (1).<br><br>**Accept any other appropriate response**. | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| **2 (b)** | **A02 = 1 mark**<br><br>Award 1 mark for a valid reason for carrying out market research in the context of the business.<br><br>• *HRMW* can collect information relating to sports products it sells or intends to sell (1).<br><br>**Accept any other appropriate response**. | **(1)** |

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| Question Number | Answer | Mark |
|---|---|---|
| **2 (c)** | **A01 = 3 marks**<br><br>Award 1 mark for identification of a benefit for using penetration pricing, plus 2 further marks for explaining why penetration pricing is beneficial for a business, for a maximum of 3 marks.<br><br>• By using this method, the business puts its prices lower than other businesses (1). It does this in order to get established in the market (1). Once customers are buying the product the price may increase (1).<br><br>NB Answers that list three benefits with no explanation will get a maximum of 1 mark.<br><br>**Accept any other appropriate response**. | **(3)** |

| Question Number | Answer | Mark |
|---|---|---|
| **2 (d)** | **A01 = 3 marks**<br><br>Award 1 mark for a benefit to using the internet for secondary market research, plus 2 further marks for explaining this benefit, for a maximum of 3 marks.<br><br>• Using the internet for secondary research enables businesses to access a large volume of data (1). This means that businesses do not have to go out and collect the data themselves, as they find it on the internet (1). This is a much cheaper and quicker way of collecting the required information as someone else has already done it (1).<br><br>Answers that list three benefits with no explanation will get a maximum of 1 mark.<br><br>NB No marks are awarded for a definition.<br><br>**Accept any other appropriate response**. | **(3)** |

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| Question Number | Answer | Mark |
|---|---|---|
| **2 (e)** | **A01 = 3 marks**<br><br>Award 1 mark for the identification of a benefit of introducing new products, plus 2 further marks for explaining that benefit, for a maximum of 3 marks.<br><br>• A business introduces new products to keep customers interested in the business and the products it sells (1). The business can replace an old product with a new one (1) in order to keep up with trends in the market (1).<br><br>Answers that list three benefits of introducing new products with no explanation will get a maximum of 1 mark.<br><br>NB No marks are awarded for a definition.<br><br>**Accept any other appropriate response**. | **(3)** |

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| Question Number | Indicative content | Mark |
|---|---|---|
| **2 (f)** | **AO2 = 3 marks AO3 = 3 marks**<br>**AO4 = 3 marks**<br><br>**AO2**<br>• Option 1 – By using this method the employees are involved in the process of improving the production of the sports products they manufacture.<br><br>• Option 2 – With JIT (just-in-time) employees do not waste time waiting for materials to arrive such as leather used to make footballs.<br><br>**AO3**<br>• Option 1 – The employees know 'first-hand' where improvements in the production of sports products could be made.<br><br>• Option 2 – This saves *HRMW* from having to have space to store the materials from which it makes sporting products, and this saves costs.<br><br>**AO4**<br>• Option 1 – However, there is no guarantee that the employees are willing to help improve the production of sports products thereby, saving the business money.<br><br>• Option 2 – However, JIT can only work provided employees making footballs work at the same rate and that the supplier delivers the leather on time. | **(9)** |

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| Level | Mark | Descriptor |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1-3 | • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2)<br>• Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)<br>• 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 | • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2)<br>• Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)<br>• 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 | • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2)<br>• Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)<br>• Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4) |

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| Question Number | Answer | Mark |
|---|---|---|
| **3 (a)** | **A01 = 1 mark**<br><br>Award 1 mark for a correct definition of e-tailers.<br><br>• The use of electronic systems to sell goods/services (1).<br><br>**Accept any other appropriate response**. | **(1)** |

| Question Number | Answer | Mark |
|---|---|---|
| **3 (b)** | **A02 = 2 marks**<br><br>Award 1 mark for identifying a reason why *HRMW* would use robotics in its production, plus 1 further mark for linking it to the context of the question.<br><br>• *HRMW* uses robots in the manufacture of these sportswear because they are more accurate than employees (1) reducing the number of errors in the products distributed to customers (1). They work 24/7 without having a break (1), which means that more sports products are made (1).<br><br>**NB** Do not accept a reason that is not in the context of *HRMW.*<br><br>**Accept any other appropriate response**. | **(2)** |

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| Question Number | Answer | Additional guidance | Mark |
|---|---|---|---|
| **3 (c)** | **A02 = 2 marks**<br><br>5 000 – 3 000 = 2 000 (1)<br><br>300 000/2 000 = 150 (1) | Award 1 mark for substituting numbers into formula correctly.<br><br>Award full marks for correct numerical answer without working. | **(2)** |

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| Question Number | Indicative content | Mark |
|---|---|---|
| **3 (d)** | **AO2 = 3 marks AO3 = 3 marks**<br><br>**AO2**<br>• Using break-even charts assumes that all the tennis racquets are sold.<br>• The simple chart assumes that the costs and revenues for the tennis racquets can be represented by a straight line.<br><br>**AO3**<br>• The chart does not show if some of the tennis racquets are kept as stock items or if some of them remain unsold.<br>• There may be other factors that need to be considered. Increased output may involve paying staff additional wages to produce more tennis racquets. | **(6)** |

| **Level** | **Mark** | **Descriptor** |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1-2 | • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2)<br>• Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) |
| **Level 2** | 3-4 | • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2)<br>• 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 | • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2)<br>• Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) |

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| Question Number | Indicative content | Mark |
|---|---|---|
| **3 (e)** | **AO2 = 3 marks AO3 = 3 marks**<br>**AO4 = 3 marks**<br><br>**AO2**<br>• Option 1 – *HRMW* has the retained profit and this could be used straight away to pay for the R&D for the tennis racquets.<br>• Option 2 – Selling off assets that *HRMW* owns and no longer uses makes good business sense.<br><br>**AO3**<br>• Option 1 – Because *HRMW* has retained profits the manufacture of tennis racquets can begin immediately and bring in revenue.<br>• Option 2 – Selling assets means that *HRMW* has another source of finance and does not need to use retained profit or take out a loan.<br><br>**AO4**<br>• Option 1 – However, there may be insufficient retained profit and *HRMW* would then have to take out a loan which could be expensive.<br>• Option 2 – However, if *HRMW* sells assets there is no guarantee that it can do so in time, which means it may have to find alternative sources of funds thereby, wasting time producing the tennis racquets for sale. | **(9)** |

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| Level | Mark | Descriptor |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1-3 | • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2)<br>• Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)<br>• 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 | • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2)<br>• Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)<br>• 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 | • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2)<br>• Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)<br>• Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4) |

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| Question Number | Answer | Additional guidance | Mark |
|---|---|---|---|
| **4 (a)** | **A02 = 2 marks**<br><br>64 650 – 42 450 =<br>22 200 (1)<br><br>22 200/54 550 = 0.41 (1) | Award 1 mark for substituting numbers into formula correctly.<br><br>Award full marks for correct numerical answer without working. | **(2)** |
| Question Number | Indicative content | | Mark |
| **4 (b)** | **AO2 = 3 marks AO3 = 3 marks**<br><br>**AO2**<br>• Banks may need details of the financial situation of *HRMW* to assess the risk to them of granting a loan for the new sporting products.<br>• The banks would want to look at the accounts for several years to see if there is a pattern or trend in *HRMW*'s success and if it has any large debts.<br><br>**AO3**<br>• The banks would want to see if *HRMW* has sufficient funds to pay back not only the loan but also the interest.<br>• If *HRMW* can prove that it has traded successfully for a number of years, it might receive a lower rate of interest on any loan. | | **(6)** |

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| Level | Mark | Descriptor |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1-2 | • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2)<br>• Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) |
| **Level 2** | 3-4 | • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2)<br>• 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 | • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2)<br>• Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) |

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| Question Number | Indicative content | Mark |
|---|---|---|
| **4 (c)** | **AO1 = 3 marks AO2 = 3 marks**<br>**AO3 = 3 marks AO4 = 3 marks**<br><br>**AO1**<br>• *HRMW* can judge its success by looking at changes in its revenue.<br>• *HRMW* can also measure its success by customer satisfaction.<br><br>**AO2**<br>• Between 2020-2022 *HRMW*'s estimated revenue is set to increase by 8.51%.<br>• If customers are satisfied with the goods, they will return to *HRMW*.<br><br>**AO3**<br>• If *HRMW* compares its revenues with those of its competitors, it gives it an indication of its relative success.<br>• If customers are happy with the sports products, they will spread the word to family and friends, which could increase demand for these products leading to increased sales.<br><br>**AO4**<br>• However, revenue is only a part of the success of the business. There are other factors to be considered such as shareholders receiving dividends on their investment and this may conflict with *HRMW*'s plans for expansion.<br>• However, customer satisfaction may require changes in prices, and this could impact on revenue and profits, leading to a less successful business. | **(12)** |

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| Level | Mark | Descriptor |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1-4 | • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1)<br>• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2)<br>• Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)<br>• Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4) |
| **Level 2** | 5 - 8 | • Demonstrates mostly accurate knowledge and understanding of business concepts and issues including appropriate use of business terminology in places. (AO1)<br>• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2)<br>• Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)<br>• Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4) |

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| | | |
|---|---|---|
| **Level 3** | 9 - 12 | • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1)<br>• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2)<br>• Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)<br>• Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4) |

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