Edexcel A-level Business exam practice answers

How your exams are marked

Questions worth 1 or 2 marks test your knowledge. Aspects of definitions will earn a mark each. These answers show these as a [1] for each aspect that would earn a mark.

Questions worth 3 to 12 marks which contain the command word 'analyse' or 'explain why' will earn marks for each of three skills: Knowledge, Application of knowledge, and Analysis of the question. These answers indicate how these skills can be shown for each question.

Questions worth 10 or more marks expecting a judgement (e.g. command words will include evaluate, to what extent, discuss, or may simply ask you to recommend a course of action) test four skills: Knowledge, Application, Analysis and Evaluation (your ability to make a supported judgement). These are marked using a levels of response grid — this asks the examiner to judge how well you have shown all four skills in your response. Top level answers will:
- 'show accurate and thorough understanding throughout, using the business context'
- 'use well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s)'
- 'use information well to support judgements, showing a full awareness of the validity and significance of competing arguments/factors'.

As a guide:
- For questions worth 10–14 marks, develop two arguments fully before making a judgement.
- For questions worth more than 14 marks, develop three arguments before making a judgement.

These answers will indicate points on which valid arguments can be developed and suggest typical ways to demonstrate all relevant skills for the question asked.

Mark scheme for 20 mark questions

Level	Mark	Descriptor
	0	A completely inaccurate response.
1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect causes and/or consequences.
2	5–8	Elements of knowledge and understanding, which are applied to the business example.

		Arguments and chains of reasoning are presented, but connections between causes and/or consequences are incomplete. Attempts to address the question. A comparison or judgement may be attempted, but it will not successfully show an awareness of the key features of business behaviour or business situation.
3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
4	15–20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.

12: Business growth

1   Arguments for: (20)
- Growing revenues can lead to growth in profit.
- Increased profit will enable shareholders to be kept happy.
- The UK market is limited in size: for major PLCs to keep growing they are likely to need to expand internationally at some point as their domestic market reaches saturation.

Arguments against:
- Earnings can be improved by cutting operating costs.
- Earnings can be improved by reducing financing costs.
- Shareholders can be kept happy by paying out a higher proportion of profit after tax as dividends.

- Growth may harm profit if the growth increases costs more than revenues.

2   (a)   Knowledge 1, Application 2, Analysis 1   (4)
Possible benefits include:
- Developing a loyal workforce
- Reduced financial risk, without the need to seek external finance
- The influence of the leader stays strong, allowing a positive culture to develop.

    (b)   1 mark for backward vertical integration.   (1)

    (c)   1 mark for diversification: a new product in a new market.   (1)

    (d)   <u>Knowledge/understanding</u>: 4 marks for showing an understanding   (14)
of benefits and drawbacks of takeovers.
Possible answers include:
Benefits:
- Secures supplies
- Should lower the cost of supplies.

Drawbacks
- Cost of the takeover
- Can tie the business into a supplier that may not always offer the best option.

<u>Application</u>: up to 5 marks for a contextualised example.
Selecting aspects of the story to illustrate the argument; possible issues including a lack of experience of takeovers, the need to secure supplies and try to reduce their cost.

<u>Analysis</u>: 5 marks for developing the contextualised example.
Makes a clear logical link showing how the takeover will create a positive and/or negative impact on the business.