



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 7 marks 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 8 or more marks 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 8–10 marks, develop two arguments fully before making a judgement
- for questions worth more than 10 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.



5: Entrepreneurs and leaders

- 1 (i) He can raise extra finance if needed by selling shares. [1]
(ii) There is limited liability for debt. [1]
- 2 (i) So the business has a clear sense of direction. [1]
(ii) So all employees understand the main goal for the business. [1]
- 3 Knowledge/understanding: 2 marks for showing an understanding of opportunity cost: [6]
- Money spent employing staff could be used for marketing.
 - Money spent employing staff could be used to do more deals.
 - Time spent recruiting and managing staff takes Robert away from his main role of buying and selling debt.
- Application: up to 2 marks for a contextualised example, e.g. selecting an aspect of the story to illustrate the argument.
Analysis: 2 marks for developing the contextualised example, e.g. making a clear logical link between employing four staff and the missed opportunities that this costs.
- 4 Arguments for: [10]
- Cost minimisation helps to reduce the break-even point for the business.
 - Cost minimisation helps to boost profit margins.
 - Cost minimisation can allow a business to charge lower prices than rivals yet still make a profit.
- Arguments against:
- Cost minimisation can lead to short-cuts in quality.
 - Cost minimisation is most likely to be effective for relatively large firms that can benefit from economies of scale as a method of reducing costs that is unavailable to smaller rivals.