



Pearson  
Edexcel

# A level Business

GCSE to A level  
Diagnostic Test  
Mark Scheme





# GCSE to A level Diagnostic Test

## Mark Scheme

Question Number	Answer	Mark
<b>1(a)</b>	<p style="text-align: center;"><b>Knowledge 2</b></p> <p><b>QS2:</b> calculate, use and understand percentages and percentage changes <b>QS9:</b> interpret, apply and analyse information in written, graphical and numerical forms</p> <p><b>Knowledge/understanding:</b> up to <b>2 marks</b> for understanding revenue, e.g.</p> <ul style="list-style-type: none"><li>• Income (1) from sales (1) or</li><li>• Price (1) multiplied by quantity sold (1)</li></ul>	<b>(2)</b>

Question Number	Answer	Mark
<b>1(b)</b>	<p style="text-align: center;"><b>Application 2</b></p> <p><b>QS5:</b> calculate cost, revenue, profit and break-even</p> <p><b>Application:</b> up to <b>2 marks</b> for</p> <ul style="list-style-type: none"><li>• Total profit <math>+\pounds 4\,000 + \pounds 4\,000 - \pounds 2\,000</math> (1)</li><li>• <math>= \pounds 6\,000</math> (1)</li></ul> <p>NB: if the answer given is <math>\pounds 6\,000</math> award 4 marks</p>	<b>(2)</b>



Question Number	Answer	Mark
<b>2(a) and 2(b)</b>	<p style="text-align: center;"><b>Knowledge 2, Application 3</b></p> <p><b>QS3:</b> construct and interpret a range of graphical forms</p> <p><b>Knowledge/understanding: up to 2 marks</b> for labelling the cost/revenue and output axis</p> <p><b>Application: up to 3 marks</b> for completing the chart accurately, i.e.</p> <ul style="list-style-type: none"> <li>• Drawing and labelling the total cost line (1 mark)</li> <li>• Drawing and labelling the total revenue line (1 mark)</li> <li>• Indicating the break-even level of output at 50 units of output (1 mark)</li> </ul>	<b>(5)</b>

Question Number	Indicative content	Mark
<b>2(c)</b>	<p style="text-align: center;"><b>Knowledge 1, Application 1</b></p> <p><b>QS9:</b> interpret, apply and analyse information in written, graphical and numerical forms</p> <p><b>Knowledge/understanding up to 1 mark</b> for either a definition or implied understanding, e.g.</p> <ul style="list-style-type: none"> <li>• Costs which do not vary with output</li> </ul> <p><b>Application: 1 mark</b> for</p> <ul style="list-style-type: none"> <li>• When output is 0, total costs are 100, therefore fixed costs are 0 (1 mark)</li> </ul> <p>NB: if the answer given is 100, award 2 marks</p>	<b>(2)</b>

Question Number	Indicative content	Mark
<b>2(d)</b>	<p style="text-align: center;"><b>Knowledge 1, Application 2</b></p> <p><b>QS5:</b> calculate cost, revenue, profit and break-even (margin of safety implied)</p> <p><b>Knowledge/understanding: 1 mark</b> for formula, e.g.</p> <ul style="list-style-type: none"> <li>• Actual output minus break even level of output (1)</li> </ul> <p><b>Application: up to 2 marks</b> for</p> <ul style="list-style-type: none"> <li>• <math>65 - 50</math> (1)</li> <li>• <math>= 15</math> (1)</li> </ul>	<b>(3)</b>



Question Number	Indicative content	Mark
2(e)	<p><b>Knowledge 2, Application 2, Analysis 2</b></p> <p><b>Knowledge/understanding: up to 2 marks</b> for reasons, e.g.</p> <ul style="list-style-type: none"><li>• predict profit (1); seek finance (1); help determine prices (1); help with 'what-if' analysis (1)</li></ul> <p><b>Application: up to 2 marks</b> for use of appropriate context in answers, e.g.</p> <ul style="list-style-type: none"><li>• Alistair is the main shareholder</li><li>• Alistair needed to raise £20 000</li><li>• A competitive price for teachers may needed to be charged</li><li>• The price of inputs change, such as internet fees</li></ul> <p><b>Analysis: up to 2 marks</b> for use of explanation/development in answers, e.g.</p> <ul style="list-style-type: none"><li>• So the profit is Alistair's income</li><li>• So banks/lenders need to know what output would be needed to enable repayments</li><li>• School budgets may be tight</li><li>• So any cost increase needs to be taken into account to avoid making losses</li></ul>	(6)

Question Number	Answer	Mark
3(a)	<p><b>Application 4</b></p> <p><b>QS9:</b> interpret, apply and analyse information in written, graphical and numerical forms</p> <p><b>Application: up to 4 marks</b> for</p> <ul style="list-style-type: none"><li>• Between March 2015 and August 2015 (1) the world sugar price largely fell from 100 to 87 (1)</li><li>• Between August 2015 and March 2016 (1) the world sugar price largely increased from 87 to 117 (1)</li></ul>	(4)



Question Number	Answer	Mark
<b>3(b)</b>	<p style="text-align: center;"><b>Application 2, Analysis 2</b></p> <p><b>QS9:</b> interpret, apply and analyse information in written, graphical and numerical forms</p> <p><b>Application: up to 2 marks</b> for reasons, e.g.</p> <ul style="list-style-type: none"> <li>the world sugar price largely fell because the demand for sugar may have fallen (1)</li> <li>the world sugar price largely increased because the supply of sugar may have decreased (1)</li> </ul> <p><b>Analysis: up to 2 marks</b> for development of reasons above, e.g.</p> <ul style="list-style-type: none"> <li>given a shift in consumer behaviour towards healthy eating (1)</li> <li>thanks to sugar crop failure/poor weather conditions (1)</li> </ul>	<b>(4)</b>

Question Number	Indicative content	Mark
<b>3(c)</b>	<p style="text-align: center;"><b>Knowledge 2, Analysis 2</b></p> <p><b>Knowledge/understanding: up to 2 marks</b> for reasons, e.g.</p> <ul style="list-style-type: none"> <li>characteristics are traits (1); whereas motives are incentives (1)</li> </ul> <p><b>Analysis: up to 2 marks</b> for use of explanation/development in answers, e.g.</p> <ul style="list-style-type: none"> <li>Creativity in order to make cakes and bread which customers liked (1)</li> <li>Seek profit in order to finance growth of the business from one shop to many shops with over 750 staff (1)</li> </ul>	<b>(4)</b>

Question Number	Indicative content	Mark
<b>3(d)</b>	<p style="text-align: center;"><b>Knowledge 2, Application 2, Analysis 2, Evaluation 2</b></p> <p><b>Job production</b></p> <ul style="list-style-type: none"> <li>one-off, such as speciality wedding cakes</li> <li>often require expert skills</li> <li>time consuming per unit of output</li> </ul>	



	<ul style="list-style-type: none"> <li>more profitable per unit given the value-added</li> </ul> <p><b>Batch production</b></p> <ul style="list-style-type: none"> <li>practical and efficient way of making several items in one go, such as bread buns</li> <li>equipment makes it possible, such as large ovens</li> <li>can prove wasteful if some of the batch is not purchased in time to avoid products like cakes going off/stale</li> </ul> <p><b>Flow production</b></p> <ul style="list-style-type: none"> <li>continuous, often uses machinery (which can be costly to purchase or suffer from wear and tear)</li> <li>enables economies of scale through bulk purchases of ingredients like flour and therefore reductions in average costs</li> <li>could apply to standard medium sliced loaves of bread provided there was a high rate of sales turnover</li> <li>might not be sufficient custom to avoid waste across the outlets in the East Midlands</li> </ul>	(8)
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Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	<ul style="list-style-type: none"> <li>Isolated elements of knowledge and understanding – recall based.</li> <li>Weak or no relevant application to business examples.</li> <li>Generic assertions may be presented.</li> </ul>
Level 2	3–5	<ul style="list-style-type: none"> <li>Accurate knowledge and understanding</li> <li>Applied accurately to the business example.</li> <li>Chains of reasoning are presented, showing causes and/or effects, but may be assertions or incomplete.</li> <li>An attempt at assessment is presented that is unbalanced.</li> </ul>
Level 3	6–8	<ul style="list-style-type: none"> <li>Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.</li> <li>Logical chains of reasoning, showing cause(s) and/or effect(s).</li> <li>Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments.</li> </ul>



Question Number	Indicative content	Mark
4	<p data-bbox="391 371 1193 405"><b>Knowledge 2, Application 2, Analysis 3, Evaluation 3</b></p> <p data-bbox="331 439 1118 472"><b>Sell a wider range of products through the internet:</b></p> <ul data-bbox="383 510 1305 954" style="list-style-type: none"><li data-bbox="383 510 1305 656">• The internet means that AO.com do not need to have ‘bricks and mortar’ high street stores. Therefore, they may have a lower cost base than competitors such as Currys Digital, allowing the company to improve its profits.</li><li data-bbox="383 663 1305 842">• With a wider range of products, such as computers and vacuum cleaners, there is a wider market to sell to, allowing AO.com to maximise use of its warehouses. This may reduce unit costs allowing profit per computer/vacuum cleaner to be maximised.</li><li data-bbox="383 848 1305 954">• A wider product range may increase the overheads, such as warehousing and transport costs which could therefore reduce profits</li></ul> <p data-bbox="331 987 616 1021"><b>Improve branding:</b></p> <ul data-bbox="383 1059 1305 1391" style="list-style-type: none"><li data-bbox="383 1059 1305 1167">• Branding may increase the recognition of AO.com compared to rival companies such as Currys Digital, allowing AO.com to make more sales leading to higher profits.</li><li data-bbox="383 1173 1305 1281">• Branding may prevent other internet start-ups focusing on the same washing machine and fridge-freezer market as AO.com, preventing future loss in profit to rivals.</li><li data-bbox="383 1288 1305 1391">• Branding may increase fixed costs and may take time to build recognition with its ‘AO – let’s go’ slogan in the market. Thus, in the short-term profits may fall.</li></ul> <p data-bbox="430 1429 815 1462"><i>Potential recommendation:</i></p> <ul data-bbox="383 1500 1305 1646" style="list-style-type: none"><li data-bbox="383 1500 1305 1646">• The domestic appliance market is very competitive and any change in strategy, which potentially could raise costs, may put them at a pricing disadvantage in a market where prices are competitive. Thus, profits could fall.</li></ul> <p data-bbox="331 1684 1305 1881">AO.com should sell a wider range of products since it is already an established internet retailer. Therefore, its existing customers may now have the opportunity to purchase other products such as computers and televisions stealing market share from Currys Digital, which may improve the profits of AO.com.</p>	(10)



Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	<ul style="list-style-type: none"><li>Isolated elements of knowledge and understanding – recall based.</li><li>Weak or no relevant application to business examples. Generic assertions may be presented.</li></ul>
Level 2	3–4	<ul style="list-style-type: none"><li>Elements of knowledge and understanding, which are applied to the business example.</li><li>Chains of reasoning are presented, but may be assertions or incomplete.</li><li>A generic or superficial assessment is presented.</li></ul>
Level 3	5–6	<ul style="list-style-type: none"><li>Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.</li><li>Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information though unlikely to show the significance of competing arguments.</li></ul>
Level 4	7–8	<ul style="list-style-type: none"><li>Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.</li><li>A coherent and logical chain of reasoning, showing cause(s) and/or effect(s).</li><li>Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information</li></ul>
	9–10	<ul style="list-style-type: none"><li>Shows an awareness of competing arguments/factors leading to a supported judgement.</li></ul>

### Assessment Objective Weightings

Question	AO1	AO2	AO3	AO4	Total
1	2	2	-	-	4
2	6	8	2	-	16
3	2	10	6	2	20
4	2	2	2	4	10
Total	12	22	10	6	<b>50</b>