Pearson

Mark Scheme (Results)

October 2025

Pearson Edexcel International Advanced Subsidiary in Business
WBS12/01

Edexcel and BTEC Qualifications

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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.

Question	Define the term ‘market share’. (Extract A line 11) **Answer**	Mark
1(a)	**Knowledge 2** Up to 2 marks for defining the term ‘market share’, e.g. The sales/revenue of a business **(1)** as a percentage/proportion of the (whole) market **(1)**	**(2)**

Question	Using the data in Extract B, explain one reason why the level of experience of an accountant in Florida may affect the profitability of an accountancy business. **Answer**	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS5:** Calculate cost, revenue, profit and break-even **Knowledge** 1 mark for identifying a reason, e.g. • It may affect the fee charged per hour **(1)** **Application** Up to 2 marks for contextualised answers, e.g. • On average, the hourly revenue is \$100 higher per senior accountant than per junior accountant (\$220 - \$120) **(1)** • On average, the hourly cost is \$21.97 higher per senior accountant than per junior accountant (\$41.25 - \$19.28) **(1)** **Analysis** 1 mark for developing the reason, e.g. • More experience may enable the accountancy business to charge higher fees which may be more profitable **(1)**	**(4)**

Question	Analyse **two** ways that customers of accountancy businesses may be affected by competition policy. **Answer**	Mark
1(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining competition policy e.g. • Applying regulation to make sure **(1)** businesses compete fairly with one another **(1)** **OR** For stating up to two ways, e.g. • More choice **(1)** • Lower fees may be charged/more favourable payment terms offered **(1)** **Application** Up to 2 marks for answers contextualised to accountancy businesses, e.g. • There are over 18,500 registered accountants in Florida **(1)** • Customers have up to 90 days to pay **(1)** **Analysis** Up to 2 marks for reasons/causes/consequences for customers of accountancy businesses, e.g. • If mergers are prevented, customers have a wider choice due to more competition in the market **(1)** • Increased credit terms may attract more customers **(1)**	**(6)**

Question	Discuss whether this is a suitable way to improve liquidity for *Levine*. **Indicative content**
1(d)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • Factoring is a way a business can improve its cash flow by selling invoices to a third party • Liquidity is how easily/quickly assets can be converted into cash • *Levine* allows customers up to 90 days to pay, meaning the accountants may have a period of time when they have a poor cash flow • Factoring would allow *Levine* to continue to offer favourable credit terms to customers without suffering poor cash flow • This means *Levine* would continue to be competitive amongst the more than 18,500 qualified accountants in Florida • However, factoring is costly because *Levine* does not receive the full value of the invoices paid by its customers for financial/taxation services • Factoring alone would not solve long-term liquidity problems which may be a problem if the business continues to grow

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding, applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors.

<table>
<tr><th>Question</th><th>Assess whether increased employee motivation is likely to be the most effective way to increase productivity for Levine.

Indicative content</th></tr>
<tr><td>1(e)</td><td>

Indicative content guidance

Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.

Knowledge, Application, Analysis, Evaluation – indicative content

- Motivation is a factor that encourages employees to be more interested and committed to their work
- Productivity is a measure of the efficiency with which labour or capital completes a task
- Accountants may increase their work-rate if they are offered bonuses or profit share incentives
- By empowering employees, *Levine* helps its accountants to feel a sense of responsibility towards meeting the businesses aim of saving the customers time and money
- This could encourage them to work harder in order to complete their work to a high standard, meaning they are more productive
- However, some employees at the business may not be more productive even if offered financial methods as they may already be working as hard as they are able
- Motivation alone may not be very effective if the technology used is out-of-date and slow. New technology could be more effective
- A combination of ways to improve productivity, such as bonuses, introducing flexible working practices and replacing old technology may be most effective

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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–7	Accurate knowledge and understanding, supported by relevant and effective use of the business behaviour/context. 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.
Level 4	8–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question	Define the term ‘efficiency’. (Extract C, line 6) **Answer**	Mark
2(a)	**Knowledge 2** Up to 2 marks for defining the term ‘efficiency’, e.g. Producing a level of output **(1)** where average costs are minimised **(1)**	**(2)**

Question	Using the data in Extract D, calculate to two decimal places, the current ratio for *smol* on the 30th June 2022. You are advised to show your working. **Answer**	Mark
2(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS1**: Calculate, use and understand ratios, averages and fractions **Knowledge** 1 mark for identifying the formula: • Current assets /current liabilities **(1)** **Application** Up to 2 marks for selecting the correct data from Extract D: • £24 208 500 **(1)** / £2 740 336 **(1)** **Analysis** 1 mark for calculating the current ratio: • = 8.83 **(1)** **NB: If no working is shown, award marks as follows:** • If the answer given is 8.83 award 4 marks	**(4)**

Question	Analyse **two** non-financial motives that Paula Quazi and Nick Green may have had for setting up *smol*. **Answer**	Mark
2(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining non-financial motive, e.g. • The main reason for doing something **(1)** which does not involve the desire to make a profit **(1)** **OR** For stating up to two non-financial motives, e.g. • Ethical stance **(1)** • Independence **(1)** **Application** Up to 2 marks for answers contextualised to *smol* e.g. • *smol* sells products with packaging made from sustainable material **(1)** • Paula and Nick were previously employed by *Unilever* **(1)** **Analysis** Up to 2 marks for reasons/causes/consequences for *smol* e.g. • By selling products that are more sustainable, Paula and Nick are contributing towards a greener environment **(1)** • By setting up *smol*, Paula and Nick can make their own decisions about finance/objectives/how to run the business **(1)**	**(6)**

Question	Discuss whether the use of lean production will always lead to a competitive advantage for *smol*. **Indicative content**
2(d)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • Lean production is an approach which aims to use fewer resources in production • Examples of lean production include Kaizen, just-in-time (JIT), empowerment, cell-production and team-working • By using less factory space, raw materials, inventory, labour, suppliers, time and/or capital, *smol* can reduce the costs of production • The means that fewer products need to be sold in order for *smol* to break-even and the business is likely to be more productive • Therefore, *smol* can use fewer resources and use this to invest in the business to increase its competitiveness • By using less factory space and fewer suppliers, *smol* could produce laundry tablets and fabric conditioner more efficiently, meaning products could be delivered to customers faster and at lower prices • This may create a positive reputation, possibly leading to an increase in demand for its products and an increase in its competitive advantage • However, *smol* competes with Unilever, a multinational business, that is likely to have access to more resources and potentially have a greater ability to compete • If *smol* relies on practices such as JIT, it may receive deliveries too late to meet orders, especially with the unpredictable nature for online orders • This may lead to a failure to meet customer orders on time, a negative reputation and a reduction in competitive advantage

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Level 2	3–5	Accurate knowledge and understanding, applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors.

Question	Assess the extent to which share capital is likely to be the most appropriate method of finance for the growth of a private limited company, such as *smol*. **Indicative content**
2(e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • Share capital is a source of finance raised by selling shares in a company • For a private limited company, such as *smol*, shares can only be sold privately to family, friends or employees • As a private limited company *smol* will have limited liability, meaning the owners can only lose the money they have invested in the business and not their personal assets • As a result, there is likely to be a greater incentive to purchase shares in *smol*, due to there being less risk • The sale of shares to family, friends or employees can raise a large amount of finance for the business • This could have enabled *smol* to invest in developing its 100% recycled plastic bottles and other environmentally-friendly packaging • Share capital does not normally need to be paid back and no interest is charged • Therefore, *smol* can focus on production of its cleaning and laundry products, as well as maintaining/promoting its website • However, some control of the business may be lost by the original owners (Paula and Nick) as new shareholders are able to have a say in how the company is run • Although the shareholders may be the original owners and/or employees, reducing the possible problem of loss of control, it does mean there may be a limit on the amount of finance that can be raised, unlike for competitors, such as *Unilever* • Other methods of finance may be more appropriate, such as a bank loan

	• This will depend on how much money is required and how *smol* plans to operate its business in the future • Overall, share capital can be the most appropriate method of finance but it does have limitations and may be more appropriate if used alongside other options

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	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–7	Accurate knowledge and understanding, supported by relevant and effective use of the business behaviour/context. 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.
Level 4	8–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question	Using the data in Extracts E and F, evaluate whether offering discounts to customers is likely to be the most successful way for Khalil to increase the monthly sales volume of his driving school. **Indicative content**
3	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** Quantitative skills assessed: **QS3:** Construct and interpret a range of standard graphical forms • Sales volume is the output sold by a business • In the case of Khalil's driving school, the sales volume is measured by number/hours of driving lessons • In the first three months of 2024, the average number of lessons given by Khalil was 81 per month • By offering a discount once 10 lessons are paid for, Khalil could encourage customer loyalty, as the customers would not need to pay as much per lesson and may be more willing to book more lessons in order to obtain the promotion • As another discount could be offered for referring a friend, this may increase the sales volume as well, due to the new custom from the new customer • Khalil's friendly service may be particularly beneficial in both encouraging customers to take more lessons and in encouraging a friend to take lessons, strengthening the chances of the promotion being successful • However, every discounted lesson enjoyed by customers would mean an hour of Khalil's time that he did not earn 40 TND in revenue for the business • An average monthly revenue of 3 240 TND at the start of 2024 may not be enough to cover the discounts and costs involved for running the business, such as car insurance and fuel/petrol • Therefore, financially this option may be problematic for Khalil, especially as the whole family relies on the income from the driving school • Advertising the driving school is likely to make more people aware of Khalil's friendly/competitive services, as well as to book lessons, especially if the adverts focus on the high pass rate achievements of the driving school

	• This is due to the likelihood that potential customers would need less time to gain a driving licence, a factor which may appeal to university students wanting to save money and be successful in learning to drive • If the advertising is targeted at the university students, for example on leaflets/posters distributed/displayed near Carthage University, it may have more impact than if of a more general nature • Offering lessons in a wider area (outside of Tunis) would increase the potential number of customers, which could be particularly successful if offered along with advertising of the services available • As he currently only gives a monthly average of 81 hours of lessons, it may not be an issue to travel further but still have a suitable amount of time at home with his family. Although there would still be an increase in time, as well as cost (of fuel) in getting to customers when further away • By increasing the area covered and/or the promotional lessons offered, Khalil may be increasing the potential number of competitors. This means that the effect on the number of lessons given may depend on the services offered by other driving schools, as well as other economic factors that may affect a customer's ability to pay for (additional) lessons

Level	Mark	Descriptor
	0	No rewardable material.
Level 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.
Level 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.
Level 3	9–14	Accurate knowledge and understanding, supported 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.
Level 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.