Pearson Edexcel

Mark Scheme (Results)

Summer 2025

Pearson Edexcel GCE AS Level
in Business (8BS0)
Paper 02 Managing Business Activities

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Summer 2025
Question Paper Log Number P74195
Publications Code 8BS0_02_2506_MS

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 Number	Answer	Mark
1(a)	**Knowledge 2** **Knowledge/understanding: up to 2 marks** for, e.g. • This is the price of one currency (1) expressed in terms of another currency (1). **NB**: Award two marks for partial knowledge and an example, such as £1 = $1.3	**(2)**

Question Number	Answer	Mark
1(b)	**Knowledge 2** **Knowledge/understanding: up to 2 marks** for, e.g. • The ability to produce goods and services (1) using the minimum number of resources (1). **NB**: Also, award 'where production occurs at minimum unit/average total cost' and where 'output per person/machine per period of time/hour is maximised'.	**(2)**

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>1(c)</td><td>Knowledge 1, Application 3

Quantitative skills assessed:
QS5: calculate cost, revenue, profit and break-even.
QS9: interpret, apply and analyse information in written, graphical and numerical forms.

Knowledge: 1 mark for identifying the formula for cost of sales.
revenue – gross profit
revenue – (operating profit + other operating expenses) (1)
Application: up to 3 marks
calculate gross profit = £11 801 000 + £89 873 000
= £101 674 000 (1)
calculate cost of sales = £164 551 000 - £101 674 000 (1)
cost of sales = £62 877 000 (1)
NB: If the only answer given is £62 877 000 award 4 marks. If the answer given is £62 877 award 3 marks.</td><td>(4)</td></tr>
</table>

Question Number	Answer	Mark
1(d)	**Knowledge 1, Application 3** Quantitative skills assessed: **QS2:** calculate, use and understand percentages and percentage changes **QS5:** calculate cost, revenue, profit and break-even. **Knowledge: 1 mark** for identifying the profit for the year (net profit) margin formula. • (profit for the year (net profit) ÷ sales revenue) x 100 **(1)** **Application: up to 3 marks** • calculate profit for the year (net profit) £11 801 000 - £1 412 000 = £10 389 000 **(1)** • calculate profit for the year (net profit) margin (£10 389 000 ÷ £164 551 000) x 100 **(1)** • profit for the year (net profit) margin = = 6.31354%, therefore 6.31% to 2dp **(1)** **NB**: If the only answer given is 6.31% award 4 marks.	**(4)**

Question Number	Indicative content	Mark
1(e)	**Knowledge 2, Application 2, Analysis 2, Evaluation 2** • A competitive market occurs when there are many rival manufacturers selling similar products. • Competition may force prices down, resulting in falling profit margins for products such as Trillionaire's Shortbread and possibly falling revenues • Hotel Chocolat may be forced to invest in new products if rival chocolate manufacturers start to capture market share • Hotel Chocolat may be forced to increase the amount it spends on advertising/branding to prevent loss of market share to new rivals such as Chococo. *Potential counterbalance:* • Hotel Chocolat's products are in high demand given their ethical credentials, which has led to a 21% increase in sales revenue. Therefore, competition may not force it to reduce prices • The increase in competition should not worry Hotel Chocolat, since it already has a reputation for innovation and has already moved into new products such as the hot chocolate Velvetiser • Hotel Chocolat has an established brand, which is more recognisable than new competitors such as Chococo, limiting the need to increase advertising. This may reduce the possible impact of any increase in competition.	**(8)**

Level	Mark	Descriptor
	0	• A completely inaccurate response.
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. • Chains of reasoning are presented, showing causes(s) and/or effects, but may be assertions or incomplete. • An attempt at an assessment is presented using quantitative and/or qualitative information. • Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 3	6–8	• Accurate and thorough knowledge and understanding. • Logical chains of reasoning, showing cause(s) and/or effect(s). • Assessment is balanced, well contextualised, using quantitative and/or qualitative information. • Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors including supported judgement.

Question Number	Indicative content	Mark
1(f)	**Knowledge 2, Application 2, Analysis 3, Evaluation 3** • Batch production is the manufacture of a certain quantity of identical products. • This allows for greater productivity/efficiency of Mississippi Mud Pie slabs compared to job production. This gives the business the ability to take advantage of economies of scale, considering it makes up to 120 chocolate products. Thus, average total costs are reduced • Batch production allows Hotel Chocolat to be innovative since it gives the company the ability to produce different flavours and types of chocolates, such as shortbread and slabs. This variety of products helps create a competitive advantage in the luxury chocolate market where flavour/style may be more important to the customer • In the luxury chocolate market, price may not be an important factor, thus batch production gives the perfect blend of efficiency and the ability to switch to different types of chocolate product when trends change. *Potential counterbalance:* • Batch production is less efficient than flow production so unit costs will be higher than they could be. This may reduce the profit margin on each chocolate product • Could lead to Hotel Chocolat having to hold large stocks of cocoa, sugar, and other raw materials as a greater variety of products are manufactured. This may increase stockholding costs • The use of batch production requires expensive capital machinery in the chocolate production/packaging process which may cause overall costs to increase, possibly leading to reduced competitiveness.	

	Possible judgement: • Being able to produce a range of different types and flavours of chocolate according to changing tastes and times of the year are critical. Batch production allows Hotel Chocolat this flexibility, thus it is critical to competitive advantage in the luxury end of the market • The brand and the taste of the chocolate may be more important than the method of production. This is because the consumer may not care about which method of production is used. This is because batch production may not have any impact on quality or taste.	**(10)**

Level	Mark	Descriptor
	0	• A completely inaccurate response.
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	5–6	• Accurate and thorough knowledge and understanding. • 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 • Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 4	7–10	• Accurate and thorough knowledge and understanding. • A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). • Assessment is balanced and well contextualised, using quantitative and/or qualitative information • Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Answer	Mark
2(a)	**Knowledge 2** **Knowledge/understanding: up to 2 marks** for, e.g. • Current output as a proportion/percentage (1) of maximum possible output (1). **NB**: If candidates provide the correct formula (current output ÷ maximum possible output x 100) award 2 marks.	**(2)**

Question Number	Answer	Mark
2(b)	**Knowledge 2** **Knowledge/understanding: up to 2 marks** for, e.g. • The level of output (1) where no profit or loss is made (1) **OR** • The level of output (1) where total revenue equals total costs (1). **NB**: If candidates provide the correct formula (total fixed costs ÷ contribution per unit) award 2 marks.	**(2)**

Question Number	Answer	Mark
2(c)	**Knowledge 1, Application 3** Quantitative skills assessed: **QS1:** calculate, use and understand ratios, averages and fractions. **QS9:** interpret, apply and analyse information in written, graphical and numerical forms. **Knowledge: 1 mark** for identifying the current ratio formula. • current assets ÷ current liabilities **(1)** **Application: up to 3 marks** for: • current assets = cash + trade receivables (debtors) + inventory = \$354.3m + \$142.1m + \$24.3m = \$520.7m **(1)** • current ratio = \$520.7m ÷ \$1 561.6m **(1)** • current ratio = 0.33 (2 decimal places) **(1)** **NB**: If the only answer given is 0.33 award 4 marks.	**(4)**

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>2(d)</td><td> Knowledge 1, Application 2, Analysis 1
Knowledge: 1 mark for knowing what is meant by budgets, e.g.
A financial plan that is agreed in advance/planned outcome the business hopes to achieve
OR
Any identification of a benefit of budgets e.g. minimise risk.
Application: 2 marks for contextualised examples, e.g.
A budget to reduce cinema rents with landlords during the enforced period of closure
A budget for box office revenues once cinemas were allowed to re-open in May 2021.
Analysis: up to 1 mark for explaining what the benefit may be for Cineworld plc, e.g.
This may result in management having a greater level of cost control within the business
This may minimise risk since budget setting allows for the early identification of problems.</td><td>(4)</td></tr>
</table>

Question Number	Indicative content	Mark
2(e)	**Knowledge 2, Application 2, Analysis 2, Evaluation 2** • Newly issued shares give new or existing investors the ability to purchase part of the company in return for a capital injection into the company. It is an external source of finance. • Shareholders may not want to purchase Cineworld shares, given its current financial position, which may make it difficult to raise the finance it needs quickly enough. • Raising $800 million in new share capital would dilute the percentage ownership of the existing shareholders, which may reduce the dividends for the existing shareholders. • Share capital may take longer to organise than other forms of finance, and with the company running out of cash, there may not be enough time left to use share capital as a source of finance. *Potential counterbalance:* • Issuing new shares could potentially generate a significant capital injection into the company. This may help Cineworld to survive, considering during 2020-21 all of its 751 locations were loss-making. • Issuing share capital involves no interest being paid to banks. Considering the cinema chain already has a $200 million loan, this may prevent increased debt and further debt servicing costs. • New share capital will not increase cash outflows, such as interest payments on loans, therefore would help to improve Cineworld's cash flow.	**(8)**

Level	Mark	Descriptor
	0	• A completely inaccurate response.
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. • Chains of reasoning are presented, showing causes(s) and/or effects, but may be assertions or incomplete. • An attempt at an assessment is presented using quantitative and/or qualitative information. • Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 3	6–8	• Accurate and thorough knowledge and understanding. • Logical chains of reasoning, showing cause(s) and/or effect(s). • Assessment is balanced, well contextualised, using quantitative and/or qualitative information. • Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors including supported judgement.

Question Number	Indicative content	Mark
2(f)	**Knowledge 2, Application 2, Analysis 3, Evaluation 3** • Inflation is the increase in the general level of prices in an economy in a year • Inflation could increase costs faced by Cineworld such as: refurbishing cinemas; buying in popcorn; wages paid to projector operators • Inflation could reduce the purchasing power of consumers, resulting in falling cinema attendances and lower capacity utilisation • Inflation may result in greater levels of uncertainty and could lead to higher interest rates. That may make the $200 million loan more expensive to service. *Potential counterbalance:* • Cineworld may be able to pass on any increase in costs to the cinema goer by raising ticket prices, especially since films such as Barbie or Dune 2 were very popular • A cinema ticket tends to be affordable to most consumers. Therefore, reduced purchasing power is likely to have a relatively small impact on cinema attendances • The inflationary pressure is in the UK, and the majority of Cineworld's cinemas are located elsewhere. Therefore, the overall impact on the company may be insignificant. *Possible judgement:* • The degree to which inflation affects Cineworld depends on the size of the inflationary pressures. If inflation is relatively high, it will have a significant impact on the total costs faced by the company • The impact of the inflationary pressure depends on the proportion of total costs that are subject to inflation. Popcorn and wages for ushers may only represent a very small percentage of the total costs of running a cinema, so inflationary pressures may have a limited impact on the profit of the company.	**(10)**

Level	Mark	Descriptor
	0	• A completely inaccurate response.
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	5–6	• Accurate and thorough knowledge and understanding. • 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 • Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 4	7–10	• Accurate and thorough knowledge and understanding. • A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). • Assessment is balanced and well contextualised, using quantitative and/or qualitative information • Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
3	**Knowledge 4, Application 4, Analysis 6, Evaluation 6** • Sales revenue is the value of sales made by a business (price x quantity sold). **Open more physical 'pop-up' shops:** • Opening 'pop-up' shops may allow ASOS to target customers who prefer to use physical shops, which could boost revenues from those consumers who are reluctant to purchase clothing and fashion items online • Opening 'pop-up' shops could work together with the online offering. This is because consumers may be more willing to purchase online if there is a physical store which they can use to look at the quality, size and cut of clothing items, which may also lead to an increased value of sales • Any increase in revenue is likely to be insignificant in the short-term since they only have opened one 'pop-up' shop. To have a significant impact on sales revenue there would have to be many more ASOS 'pop-up' stores across the UK and not just one in London • The ASOS 'pop-up' stores may only stock a small number of products compared to what is available to order on its website. This may make it less competitive than existing physical retailers such as H&M and Primark • ASOS's rivals are more experienced than ASOS at retailing from a physical store so it is likely that competition will be strong in major cities, such as London, Birmingham and Manchester. Therefore, it may be difficult for ASOS to increase its sales revenue.	

Question Number	Indicative content	Mark
	Lower the price of products on its website: • By lowering its online prices, ASOS should become more price competitive for a range of clothing, make-up and other fashion accessories. As a result, this may attract customers away from other websites, increasing ASOS's sales volumes leading to increased sales revenues • Lowering the price online may be an easier way to increase sales revenues than opening up physical 'pop-up' shops which may take longer to generate increased sales since ASOS is unfamiliar with physical retailing • Rival online retailers, such as Shein are likely to respond by lowering their prices to prevent ASOS gaining a competitive advantage. As a result, the reduction in price may result in limited extra sales of fashion items and accessories, possibly causing revenue to fall • Price may not be the main reason why people decide to buy clothing. Some customers prefer to try on clothes and compare styles. Therefore, lowering price may have a limited impact on attracting more customers causing an insignificant increase in revenue. *Potential recommendation:* • Opening 'pop-up' shops in big city locations may be the best way to increase sales revenue. ASOS has already penetrated the online clothing market, and the 'pop-up' shop maybe more about boosting online sales than generating significant revenues from its physical London location. This is because the aim of the 'pop up' shop may be to increase the overall market for ASOS's clothes via social media through its collaboration with Snapchat. • Lowering prices is the best option for ASOS because it has a reputation for being price competitive. Therefore, demand is likely to be price elastic. As a result of ASOS reducing its online prices, revenue from clothing is much more likely to increase.	**(20)**

Level	Mark	Descriptor
	0	A completely inaccurate response.
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 cause(s) and/or consequence(s)/effect(s).
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 cause(s) and/or consequence(s)/ effect(s) 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 and thorough knowledge and understanding • Supported throughout by use of the business behaviour/context. • Uses developed chains of reasoning, so that cause(s) and/or consequence(s)/effect(s) are complete, showing an understanding of the question. Arguments are 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 use of relevant and effective use of the business behaviour/context. • Uses well-developed and logical, coherent chains of reasoning, showing a range of cause(s) 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 recommendation(s).

Pearson Education Limited. Registered company number 872828
with its registered office at 80 Strand, London, WC2R 0RL, United Kingdom