

Mark Scheme

Extra Assessment Material Set 2

Pearson Edexcel GCSE Business 1BS0/01
Paper 1 Investigating small business

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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.
- Mark schemes will indicate within the table where, and which strands of QWC, are being assessed. The strands are as follows:
 - i) ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear*
 - ii) select and use a form and style of writing appropriate to purpose and to complex subject matter*
 - iii) organise information clearly and coherently, using specialist vocabulary when appropriate.*

Section A

| Question number | Answer | Mark |
|-----------------|--------|-------------|
| 1(a) | C | (1) AO1a |

| Question number | Answer | Mark |
|-----------------|--------|-------------|
| 1(b) | B | (1) AO1a |

| Question number | Answer | Mark |
|-----------------|---|-------------------------|
| 1(c) | <p>Award 1 mark for identification of a risk, plus 2 further marks for explaining this risk up to a total of 3 marks.</p> <p>One risk is financial loss (1). This is because starting a new business can be expensive and require finance from someone's possessions (1) and as a result, were the business to fail, the entrepreneur would lose money (1).</p> <p>One risk is a lack of security (1) as working as an entrepreneur may involve giving up previous employment (1). Therefore, the individual cannot guarantee a regular income (1).</p> <p>Accept any other appropriate response. Answers that list more than one risk with no explanation will be awarded a maximum of 1 mark.</p> | (3) AO1a=1 AO1b=2 |

| Question number | Answer | Mark |
|-----------------|---|------------------------|
| 1(d) | <p>Award 1 mark for identification of a benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks.</p> <p>Social media is a cheap method of communicating (1) and as a result the business may be able to reduce spending on other forms of communication (1). As a result fixed costs may be reduced (1).</p> <p>Lots of potential customers use social media today (1), which means the business will have access to a large potential market (1). This may result in higher sales (1).</p> <p>Accept any other appropriate response. Answers that list more than one benefit with no explanation will be awarded a maximum of 1 mark.</p> | (3) AO1=1 AO1b=2 |

| Question number | Answer | Mark |
|-----------------|--------|-------------|
| 2(a) | B, D | (2) AO1a |

| Question number | Answer | Mark |
|-----------------|--------|-------------|
| 2(b) | C, D | (2) AO1a |

| Question number | Answer | Additional guidance | Mark |
|-----------------|---|--|------------|
| 2(c) | Substitution into correct formula: (17 473 / 205 320) x 100 (1) Answer: 8.51% (1) | Award full marks for correct numerical answer without working. | (2) AO2 |

| Question number | Answer | Mark |
|-----------------|--|-------------------------|
| 2(d) | Award 1 mark for identification of an impact, plus 2 further marks for explaining this impact up to a total of 3 marks. One benefit is lower costs (1) because a business pays a number of different taxes (1). As a result, the business may achieve higher profit, assuming sales remain constant (1). Customers may have more disposable income due to lower taxes (1), which means spending with small businesses may increase (1). As a result of this the business may see an increase in revenue (1). Accept any other appropriate response. Answers that list more than one impact with no explanation will be awarded a maximum of 1 mark. | (3) AO1a=1 AO1b=2 |

| Question number | Answer | Mark |
|-----------------|---|-------------------------|
| 2(e) | Award 1 mark for identification of a reason why a business may use a market map, plus 2 further marks for explaining this reason up to a total of 3 marks. The business will be able to identify where there is a gap in the market (1). This can lead to the development of a new product that does not have any competition in the market (1). As a result, the number of sales may increase (1). To spot the main competition in the market (1). As a result, the business will be able to change its product range (1). This may lead to the business attracting new market segments (1). Accept any other appropriate response. Answers that list more than one reason with no explanation will be awarded a maximum of 1 mark. | (3) AO1a=1 AO1b=2 |

| Question number | Answer | Mark |
|-----------------|--------|-------------|
| 3(a) | B | (1) AO1a |

| Question number | Answer | Additional guidance | Mark |
|-----------------|--|--|------------|
| 3(b) | Substitution into the correct formula: 400 – 250 (1) Answer: 150 units (1) | Award full marks for correct numerical answer without working. | (2) AO2 |

| Question number | Answer | Mark |
|-----------------|---|-------------------------|
| 3(c) | Award 1 mark for identification of a disadvantage, plus 2 further marks for explaining this disadvantage up to a total of 3 marks. Overdrafts have a high rate of interest (1) and this will lead to higher fixed costs (1). As a result, the profits of the business may fall (1). Overdrafts are only a short term source of finance (1) which means they are not used to secure finance for long-term projects (1). As a result, the business may not be able to fund investments such as new buildings (1). Accept any other appropriate response. Answers that list more than one disadvantage with no explanation will be awarded a maximum of 1 mark. | (3) AO1a=1 AO1b=2 |

| Question number | Answer | Mark |
|-----------------|---|-------------------------|
| 3(d) | Award 1 mark for identification of a benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks. Employment law aims to remove discrimination in the workplace (1) and therefore the employee will not be treated differently to other workers (1). As a result, the employee is likely to enjoy work more than if such laws did not exist (1). Potential employees will be treated fairly when applying for a job (1) which means they will be considered equally with other applicants (1). As a result, the potential employee will be encouraged to apply (1). Accept any other appropriate response. Answers that list more than one benefit with no explanation will be awarded a maximum of 1 mark. | (3) AO1a=1 AO1b=2 |

| Question number | Indicative content | | Mark |
|-----------------|---|--|--|
| 3(e) | <ul style="list-style-type: none"> Less risk of owners losing personal possessions (AO1b). Shareholders are more likely to invest in a new business idea (AO1b). This increases the attractiveness of the investment and as a result, encourages enterprise and entrepreneurship (AO3a). This increases the likelihood of taking risks. This increases the potential for the growth of the businesses into a larger company (AO3a). | | (6) AO1b=3 AO3a=3 |
| Level | Mark | Descriptor | |
| | 0 | No rewardable material. | |
| Level 1 | 1–2 | <ul style="list-style-type: none"> Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). | |
| Level 2 | 3–4 | <ul style="list-style-type: none"> Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). | |
| Level 3 | 5–6 | <ul style="list-style-type: none"> Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). | |

Section B

| Question number | Answer | Mark |
|-----------------|--|------------|
| 4(a) | <p>Award up to 2 marks for linked points outlining a way <i>Zoella Beauty</i> could use digital communication. Award a maximum of 1 mark if points are not linked.</p> <p>By using social media (1) which may be seen by the younger market segments it targets (1).</p> <p>Emails about beauty products (1) which could be read on customers' smart phones (1).</p> <p>Do not accept ways that would not be appropriate for <i>Zoella Beauty</i>. For example, to communicate with customers.</p> | (2) AO2 |

| Question number | Indicative content | Mark |
|-----------------|---|------------------------|
| 4(b) | <ul style="list-style-type: none"> • <i>Zoella Beauty</i> can charge a premium price for its beauty products (AO2). • This will make the products stand out in the competitive market for beauty products (AO2). • This will mean the profit per unit (or contribution) on individual products may be higher, therefore the break even level of output will be lower, increasing the margin of safety (AO3a). • Therefore, <i>Zoella Beauty</i> may have a competitive advantage over Lush. As a result, young people are more likely to buy <i>Zoella Beauty</i> products rather than competitors' products. This will lead to an increase in market share (AO3a). | (6) AO2=3 AO3a=3 |

| Level | Mark | Descriptor |
|---------|------|---|
| | 0 | No rewardable material. |
| Level 1 | 1–2 | <ul style="list-style-type: none"> • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). |
| Level 2 | 3–4 | <ul style="list-style-type: none"> • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). |
| Level 3 | 5–6 | <ul style="list-style-type: none"> • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). |

| Question number | Answer | Mark |
|-----------------|---|------------|
| 5(a) | <p>Award up to 2 marks for linked points outlining the correct answer.</p> <p>The difference between receipts and payments is the highest (1) at £8 200 (1).</p> <p>The difference between the closing and opening balance is the highest (1) at £8 200 (1).</p> <p>Do not accept answers that state Shop C has the highest receipts, as this does not give the net cash flow position.</p> | (2) AO2 |

| Question number | Answer | Additional guidance | Mark |
|-----------------|--|--|------------|
| 5(b) | <p>Substitution into correct formula:</p> $(11\,200 + 8\,500 + 10\,300) \div 3$ <p>Answer: £10 000 (1)</p> | Award full marks for correct numerical answer without working. | (2) AO2 |

| Question number | Indicative content | | Mark |
|-----------------|---|---|------------------------|
| 5(c) | <ul style="list-style-type: none"> • <i>Zoella Beauty</i> will need to carry out more market research to find out what beauty products consumers want (AO2). • <i>Zoella Beauty</i> will need to adapt cosmetics to make sure they are more aware of environmental and ethical issues. (AO2). • This will mean that <i>Zoella Beauty</i> can design products that are more in line with what consumers want. For example, market research may show that consumers want more bath products (AO3a). • As a result, <i>Zoella Beauty</i> can develop products which are not tested on animals. For example, cosmetics such as lipsticks can be developed and marketed as 'not tested on animals'. Therefore, <i>Zoella Beauty</i> may be able to meet the changing needs of its customers and help it compete against rivals (AO3a). | | (6) AO2=3 AO3a=3 |
| Level | Mark | Descriptor | |
| | 0 | No rewardable material. | |
| Level 1 | 1–2 | <ul style="list-style-type: none"> • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). | |
| Level 2 | 3–4 | <ul style="list-style-type: none"> • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). | |
| Level 3 | 5–6 | <ul style="list-style-type: none"> • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). | |

| Question number | Answer | Mark |
|-----------------|--|------------|
| 6(a) | <p>Award 1 mark for stating one impact on <i>Zoella Beauty</i> of using e-commerce.</p> <p><i>Zoella Beauty</i> may be more popular with working people who cannot shop at Boots or Superdrug (1). Lower costs as fewer sales through retail outlets (1).</p> <p>Accept any other appropriate response. Do not accept impacts that would not be appropriate for <i>Zoella Beauty</i>. For example, <i>Zoella Beauty</i> will be able to sell more.</p> | (1) AO2 |

| Question number | Answer | Mark |
|-----------------|---|------------|
| 6(b) | <p>Award up to 2 marks for linked points outlining how <i>Zoella Beauty</i> meets customer needs. Award a maximum of 1 mark if points are not linked.</p> <p>Acceptable prices (1) which means customers save more money than if they shopped at rivals such as Lush (1).</p> <p>Choice (1) so that customers can choose between different colours and fragrances of <i>Zoella Beauty's</i> products (1).</p> <p>Do not accept customer needs that would not be appropriate for <i>Zoella Beauty</i>. For example, by ensuring the product tastes nice.</p> | (2) AO2 |

| Question number | Indicative content | | Mark |
|-----------------|--|--|----------------------------------|
| 6(c) | <ul style="list-style-type: none"> Increased promotion will increase the awareness of the brand (AO2). Reducing prices will mean <i>Zoella Beauty</i> is more competitive against rivals such as Lush (AO2). This means that young people will recognise the brand and be more prepared to try the beauty products ahead of those of rival companies (AO3a). This means that younger people, who may not have high incomes, will be encouraged to choose <i>Zoella Beauty</i> over rivals such as Lush (AO3a). The most appropriate option for <i>Zoella Beauty</i> is to promote the brand. This is because the beauty products industry is driven by style and fashion and to maintain the fashionable image promotion is essential. Otherwise the brand risks becoming dated (AO3b). However, reducing prices will lower profit margins and also threaten brand image. <i>Zoella Beauty</i> has a strong brand image and this is enhanced by the Zoella vlog, which has over 7 million subscribers. If there were cheaper prices, the target market may think the quality of the product is low (AO3b). | | (9) AO2=3 AO3a=3 AO3b=3 |
| Level | Mark | Descriptor | |
| | 0 | No rewardable material. | |
| Level 1 | 1–3 | <ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b). | |
| Level 2 | 4-6 | <ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b). | |
| Level 3 | 7-9 | <ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b). | |

Section C

| Question number | Answer | Mark |
|-----------------|---|------------|
| 7(a) | <p>Award one mark for stating one variable cost that <i>POD Point</i> may have to pay.</p> <p>Components for the charging systems (1). Packaging for the charging systems (1).</p> <p>Accept any other appropriate response. Do not accept variable costs that would not be appropriate for <i>POD Point</i>. For example, <i>POD Point</i> will need to pay for raw materials.</p> | (1) AO2 |

| Question number | Answer | Additional guidance | Mark |
|-----------------|--|---|------------|
| 7 (b) | <p>Substitution into correct formula:</p> <p>100 - 76.3 (1)</p> <p>Answer: 23.7% (1)</p> | <p>Award full marks for correct numerical answer without working.</p> | (2) AO2 |

| Question number | Answer | Mark |
|-----------------|--|--------------------------|
| 7(c) | <p>Award one mark for stating one impact on <i>POD Point</i> of using crowd funding.</p> <p>Raises capital to fund new charging technology (1). Does not need to borrow the £1.5 million from a bank (1).</p> <p>Accept any other appropriate response. Do not accept factors that would not be appropriate for <i>POD Point</i>. For example, it raises more capital.</p> | (1) AO2 |

| Question number | Indicative content | Mark |
|-----------------|---|--|
| 7(d) | <ul style="list-style-type: none"> Selling to foreign customers will mean <i>POD Point</i> may not have to worry about the economic climate in the UK (AO2). By reducing the costs of producing the charging kits, <i>POD Point</i> may be able to charge lower prices (AO2). This means <i>POD Point</i> could target a wider range of customers and different market segments in foreign countries, rather than focussing narrowly on its UK market (AO3a). As a result, customers may be more likely to afford the product, even at a time when incomes might be falling. By marketing the benefits of electric cars, in terms of the lower running costs, the business may in fact be able to use lower incomes as an advantage (AO3a). However, <i>POD Point</i> needs to be aware that the economic climate in foreign countries can be just as unpredictable as in the UK. Just because demand is currently strong in Norway, this does not mean it will be so in the future. By relying on such a strategy <i>POD Point</i> may face the same problems in the future (AO3b). However, <i>POD Point</i> may find it difficult to cut costs as it is a hi-tech business and probably spends lots on research and development. As a result, it cannot easily cut its main costs. It may need to find another way to be competitive (AO3b). | (9) AO2=3 AO3a=3 AO3b=3 |

| Level | Mark | Descriptor |
|---------|------|--|
| | 0 | No rewardable material. |
| Level 1 | 1–3 | <ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b). |
| Level 2 | 4-6 | <ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b). |
| Level 3 | 7-9 | <ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b). |

| Question number | Indicative content | Mark |
|-----------------|--|---|
| 7(e) | <ul style="list-style-type: none"> • Market research data is very important to a business like <i>POD Point</i> as it spends large amounts of money on investment in the business (AO1b). • Market research data is very important to <i>POD Point</i> as it is a business in a new type of industry (AO1b). • If market research information on electric cars is unreliable, then <i>POD Point</i> may make the wrong decisions (AO2). • As electric cars are fairly new, <i>POD Point</i> cannot simply look back at demand from previous years (AO2). • For example, Figure 3 suggests that electric car sales will increase over the next 3 years, but if this information is incorrect then money may be invested incorrectly. As a result, crowd funding investors may choose not to invest any more in the business (AO3a). • Therefore, the quality of market research data will inform <i>POD Point</i> of future trends in the market for electric cars. From this information it will make a decision about investment and recruitment. As a result, the market research data is of vital importance (AO3a). • However, whilst market research data is important for a business like <i>POD Point</i>, there are more important factors for the business. For example, the quality of the charging system is more important as customers will need these to be safe. As the business already has over 25 000 customers, it is clear that it is growing based on its reputation and it does not need to rely as much on new market research data (AO3b). • However, the reliability of the market research data may not be too important. There is a large volume of information from a range of sources regarding the rising popularity of electric cars. <i>POD Point</i> has access to lots of information about this market and the different sources together may provide reliability (AO3b). | <p>(12) AO1b=3 AO2=3 AO3a=3 AO3b=3</p> |

| Level | Mark | Descriptor |
|---------|------|--|
| | 0 | No rewardable material. |
| Level 1 | 1-4 | <ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). • Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b). |
| Level 2 | 5-8 | <ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a) • Draws a conclusion based on sound evaluation of business information and issues (AO3b). |
| Level 3 | 9-12 | <ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b). |