



Mark Scheme (Pre-Standardisation)

Summer 2022

Pearson Edexcel GCSE

In Business (1BS0)

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.

Section A

Question number	Answer	Mark
1(a)	<p>The only correct answer is B – Packaging</p> <p>A is not correct because it is a fixed cost</p> <p>C is not correct because it is a fixed cost</p> <p>D is not correct because it is a fixed cost</p>	<p>(1) AO1a</p>

Question number	Answer	Mark
1(b)	<p>The only correct answer is A – Demographics</p> <p>B is not correct because it is an impact of the economic climate</p> <p>C is not correct because it is the marketing decisions made by a business</p> <p>D is not correct because it is the income derived from sales</p>	<p>(1) AO1a</p>

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>An entrepreneur may take a financial risk when starting a business (1). This is because a new business will need financial investment to start up (1). If the business fails then the entrepreneur could lose this money (1).</p> <p>An entrepreneur may have to give up their job to start the business (1). This could lead to them losing regular income from wages/salary (1). This will lead to a lack of security in their lives (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>	<p>(3) AO1a=1 AO1b=2</p>

Question number	Answer	Mark
1(d)	<p>Award 1 mark for identification of a way of adding value, plus 2 further marks for explaining this way up to a total of 3 marks.</p> <p>One way that a business could add value is to improve the quality of its product (1). Customers would therefore be willing to pay a premium price for the product (1). This leads to a larger difference between the final price and costs of raw materials (1).</p> <p>A business could add value through developing a unique selling point (1). This will differentiate the product from its rivals (1). Therefore, customers will pay extra for the product as they feel the product is better than the competition (1).</p> <p>Accept any other appropriate response. Answers that list more than one way with no explanation will be awarded a maximum of 1 mark.</p>	<p>(3) AO1=1 AO1b=2</p>

Question number	Answer	Mark
2(a)	<p>The only correct answers are B – Fitness Class and E – Train journey</p> <p>A is not correct because it is an example of a product</p> <p>C is not correct because it is an example of a product</p> <p>D is not correct because it is an example of a product</p>	(2) AO1a

Question number	Answer	Mark
2(b)	<p>The only correct answers are A – Bank loan and D – Receipts</p> <p>B is not correct because it is an example of a cash outflow</p> <p>C is not correct because it is an example of a cash outflow</p> <p>E is not correct because it is an example of a cash outflow</p>	(2) AO1a

Question number	Answer	Additional guidance	Mark
2(c)	<p>Substitution into correct formula:</p> <p>2,700 – 1,500 (1)</p> <p>Answer: 1,200 units (1)</p>	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
2(d)	<p>Award 1 mark for identification of a disadvantage, plus 2 further marks for explaining this disadvantage up to a total of 3 marks.</p> <p>Overdrafts can be an expensive source of finance (1). The bank may charge a high rate of interest for the overdraft facility (1). This will lead to an increase in costs for the business (1).</p> <p>Overdrafts cannot be used for long-term financial projects (1). This will prevent a business from using the overdraft to fund investment (1). Therefore, the business may struggle to finance long-term growth (1).</p> <p>Accept any other appropriate response. Answers that list more than one disadvantage with no explanation will be awarded a maximum of 1 mark.</p>	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
2(e)	<p>Award 1 mark for identification of an impact, plus 2 further marks for explaining this impact up to a total of 3 marks.</p> <p>A business could experience a fall in demand as unemployment rises (1). This is because customers will have less money to spend if they lose their job (1). This will lead to a reduction in sales for the business (1).</p> <p>The business may find it easier to recruit new employees (1). This is because there will be more people trying to find a job (1). This will lead to a business finding a better quality employee for the position (1).</p> <p>Accept any other appropriate response. Answers that list more than one impact with no explanation will be awarded a maximum of 1 mark.</p>	<p>(3) AO1a=1 AO1b=2</p>

Question number	Answer	Mark
3(a)	<p>The only correct answer is B – Business failure due to unpaid debts</p> <p>A is not correct because it is a reason why new business ideas come about</p> <p>C is not correct because it is a business objective</p> <p>D is not correct because it is the factors that affects a business</p>	<p>(1) AO1a</p>

Question number	Answer	Additional guidance	Mark
3(b)	<p>Substitution into correct formula:</p> <p>$(£1\ 000) + £2\ 000 + £3\ 000 + £1\ 000$ (1)</p> <p>Answer: £5 000 (1)</p>	Award full marks for correct numerical answer without working.	<p>(2) AO2</p>

Question number	Answer	Mark
3(c)	<p>Award 1 mark for identification of a way of reducing variable costs, plus 2 further marks for explaining this way, up to a total of 3 marks.</p> <p>One way to reduce variable costs is to find a cheaper supplier (1). This means a business will pay less for its raw materials (1). This will lead to a lower cost of production for each unit (1).</p> <p>A business could buy its raw materials in bulk (1). Therefore the business may be given a discount by the supplier (1). This could lead to economies of scale for the business (1).</p> <p>Accept any other appropriate response. Answers that list more than one way with no explanation will be awarded a maximum of 1 mark.</p>	<p>(3) AO1a=1 AO1b=2</p>

Question number	Answer	Mark
3(d)	<p>Award 1 mark for identification of an advantage, plus 2 further marks for explaining this advantage up to a total of 3 marks.</p> <p>Employees will feel that the business is taking care of them (1). This will increase their levels of motivation (1). Therefore, productivity could increase in the business (1).</p> <p>The business will not be prosecuted for breaking employment law (1). As a result, it will not receive any financial penalties for breaking the law (1). Therefore, the business can invest more money into projects to improve the business (1).</p> <p>Accept any other appropriate response. Answers that list more than one advantage with no explanation will be awarded a maximum of 1 mark.</p>	<p>(3) AO1a=1 AO1b=2</p>

Question number	Indicative content		Mark
3(e)	<ul style="list-style-type: none"> Employees and owners may disagree about working practices in the business (AO1b). Employees may put pressure on the owners for higher pay (AO1b). This will lead to lower productivity and therefore increased costs of production within the business (AO3a). Increases in wages could lead to employees needing to be paid more which could therefore lower profit margins (AO3a). 		(6) A01b=3 A03a=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 suitable factor that would influence the location of a <i>Little Movers</i> franchise. Award a maximum of 1 mark if points are not linked.</p> <p><i>Little Movers</i> would consider the proximity to the market (1). They will need to be located close to a number of families with pre-school children (1).</p> <p><i>Little Movers</i> will have to consider the location of its other franchises (1). They offer a particular area for any new dance franchisees. (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development and evidence of application.</p>	(2) AO2

Question number	Indicative content	Mark
4(b)	<ul style="list-style-type: none"> The franchisee will have access to help and support from the franchisor. The business already has an established and successful brand (AO2). The franchisee will need to pay start-up and royalty fees to the franchisor (AO2). They will receive full training and bookings can be done via a centralised booking system. This support makes it easier than starting the business as a sole trader (AO3a). This leads to increase in costs for the franchisee who will have to pay the monthly fees for branding and lesson plans, even if they create their own lessons (AO3a). 	(6) AO2=3 AO3a=3

Level	Mark	Descriptor
		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	Additional guidance	Mark
5(a)	Substitution into correct formula: $((£11\ 100 - £10\ 000) \div £10\ 000) \times 100$ (1) Answer: 11% (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Additional guidance	Mark
5(b)	Substitution into correct formula: $£11\ 100 \div 36$ (1) Answer: £308.33 (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Indicative content		Mark
5(c)	<ul style="list-style-type: none"> A strong brand helps customers to identify with the business. It will help them to associate certain qualities with the brand such as the amount of fun their children have at the dance classes (AO2). Branding allows the business to add value to the pre-school dance classes (AO2). This will allow the business to create loyalty to the brand and generate repeat custom. This is important because <i>Little Movers</i> will want parents to bring their children throughout their pre-school years and not just try it once (AO3a). Adding value is important because it will allow the franchisee to charge a premium price. There is a lot of competition in this market and parents want the best for their children. If they have a perception of quality then they will pay more for the classes and birthday parties (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 non-financial aim that Melanie may have had.</p> <p>Social objective to keep children active (1). Personal satisfaction of starting a business as a mother of two children (1). Independence so she could spend school holidays with her children (1).</p> <p>To award 1 mark there must be evidence of application.</p>	(1) A02

Question number	Answer	Mark
6(b)	<p>Award up to 2 marks for linked points outlining a benefit to <i>Little Movers</i>. Award a maximum of 1 mark if points are not linked.</p> <p>It makes it easier to keep a track of the bookings that are being made for the dance classes (1). This will mean <i>Little Movers</i> has a much better understanding of which classes are successful with parents (1).</p> <p>It offers an additional service that they can offer potential franchisees (1). This will lead to more interest in the <i>Little Movers</i> franchise as they can offer franchisees help in finding customers interested in themed birthday parties (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development and evidence of application.</p>	(2) A02

Question number	Indicative content	Mark
6(c)	<ul style="list-style-type: none"> Internet research to find out about dance schools is cheap and convenient to carry out (AO2). Focus groups could be used to ask specific questions to parents on the types of services they want for their children (AO2). There will be a wide number of websites that can be used to check if there are similar business that offer pre-school classes in Poland. This can be used to see if there is a lot of competition or if a gap in the market exists (AO3a). This will allow Melanie to see if her existing franchise model would work in Poland, or if it will need to adapt to suit the new market. Pre-school age groups may be different in other countries (AO3a). However, the reliability and language barriers of internet research can be an issue. The websites of the dance schools may be out of date and do not give any indication whether the business is successful or not. (AO3b). However, this would be more expensive than secondary research as she will have to take more time to conduct the research. She will also have to travel to Poland. This leaves less time to prepare new lesson plans for the franchises in the UK. (AO3b). 	(9) A02=3 A03a=3 A03b=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 source of revenue for <i>Digital Allies</i>.</p> <p>Sales income from web design (1). Fees for attending training courses (1). Consultancy fees from digital marketing campaigns (1).</p> <p>To award 1 mark there must be evidence of application.</p>	(1) A02

Question number	Answer	Mark
7(b)	Linkedin	(1) A02

Question number	Answer	Mark
7(c)	<p>Award up to 2 marks for linked points outlining an impact on owners of <i>Digital Allies</i>. Award a maximum of 1 mark if points are not linked.</p> <p>They have limited liability (1). This will reduce the risk of the three-year expansion plan (1).</p> <p>They can sell shares to raise finance (1). This could allow them to purchase its new offices, rather than rent (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development and evidence of application.</p>	(2) A02

Question number	Indicative content	Mark
7(d)	<ul style="list-style-type: none"> • If <i>Digital Allies</i> improved the design of the website then it will give the university a more modern and contemporary feel that will appeal to new students (AO2). • The target market of students is more likely to use and interact with social media on a regular/daily basis. This increases the likelihood that they could see the digital communication (AO2). • The university website is likely to be the main source of information when students are making their choice on where to study. If the website is attractive then it will create a good impression. Students are more likely to select a degree course from that university as a result. (AO3a). • Young people now use a variety of different social media platforms which provides a range of opportunities for <i>Digital Allies</i>. The way in which some platforms such as Facebook and Twitter operate will allow communication to spread amongst users as they can see other profiles (AO3a). • However, this relies on students visiting the website. If the students are not fully aware of the university through other means then they may never visit the website and see the new design. This could depend on how many students are from other geographical locations (AO3b). • However, it depends on how long communication on social media is visible. If it does not stay visible for long and users may tend to pass over information very quickly. Information about courses at university could be too detailed to for this method of communication (AO3b). 	(9) A02=3 A03a=3 A03b=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).
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Question number	Indicative content	Mark
7(e)	<ul style="list-style-type: none"> • If technology changes <i>Digital Allies</i> will need to provide training and recruit new employees with industry leading knowledge (AO1b). • Changes in technology can be seen as a business opportunity for <i>Digital Allies</i> as its clients will need more help in understanding how digital communications can improve their marketing (AO1b). • If the business wants to be one of the main digital marketing companies in the UK then it will need high quality employees with the latest technical knowledge and skills (AO2). • There will be increased demand for training courses on how social media can be used because clients will be more focused on their own business activities (AO2). • The business has a three year expansion strategy and will be moving to new offices. This strategy will be threatened if the employees do not understand the latest technology. <i>Digital Allies'</i> clients will expect them to provide them with the most up to date services. If they do not then they will get advice on digital communications from one of its competitors (AO3a). • If there is an increase in demand for training courses then <i>Digital Allies</i> can put on additional courses or possibly charge higher prices for carrying out digital data analysis. This could help fund its expansion plans. They will also have the capacity to offer additional services because they have doubled the workforce to 40 employees (AO3a). • However, <i>Digital Allies</i> has recently doubled its workforce to 40 employees. This will depend on whether they have been able to recruit employees with the latest skills and knowledge. As a result, any changes in technology may not affect the business as much as it would have its competitors (AO3b). • However, <i>Digital Allies</i> operate in a very competitive market where changes in technology are happening extremely quickly. This will lead to it needing to constantly respond to change if it is to achieve its objective of being one of the leading digital marketing companies in the UK. This will depend if <i>Digital Allies</i> can afford constant investment and the subsequent higher costs in the business (AO3b). 	(12) AO1b=3 AO2=3 AO3a=3 AO3b=3

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).

