



Mark Scheme (provision)

Summer 2021

Pearson Edexcel International GCSE

In Business 4BS1

Paper 01

Investigating small businesses

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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.*

| Question Number | Answer | Mark |
|-----------------|---|------|
| 1 (a) (i) | <p>AO1 - 1 mark</p> <p>The only correct answer is C</p> <p>A is not correct because personal savings are an internal source of finance</p> <p>B is not correct because retained profit is an internal source of finance</p> <p>D is not correct because selling assets is an internal source of finance</p> | (1) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 1 (a) (ii) | <p>AO1 - 1 mark</p> <p>The only correct answer is B</p> <p>A is not correct because penetration pricing is where a business sets a low price for a new product</p> <p>C is not correct because competition pricing is where a business sets a price for a product in line with its competitors</p> <p>D is not correct because promotional pricing is where a business lowers the price of a product for a short time</p> | (1) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 1 (a) (iii) | <p>AO1 - 1 mark</p> <p>The only correct answer is A</p> <p>B is not correct because discrimination by ability is not protected by legislation</p> <p>C is not correct because social discrimination is not protected by legislation</p> <p>D is not correct because ethical discrimination is not protected by legislation</p> | (1) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 1 (a) (iv) | <p>AO1 - 1 mark</p> <p>The only correct answer is D</p> <p>A is not correct because a curriculum vitae would be sent to the employer</p> <p>B is not correct because a letter of application would be sent to the employer</p> <p>C is not correct because a newspaper advertisement would be used to advertise the job vacancy</p> | (1) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 1 (a) (v) | <p>AO2 - 1 mark</p> <p>The only correct answer is B</p> <p>A is not correct because it is the exchange rate in euros</p> <p>C is not correct because it is the cost of 1kg of dried fruits</p> <p>D is not correct because it is the cost of 1kg of dried fruits added to the exchange rate of the euro</p> | (1) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 1 (a) (vi) | <p>AO2 - 1 mark</p> <p>The only correct answer is C</p> <p>A is not correct because it is the cost of a jar of honey formatted as a percentage</p> <p>B is not correct because it is the selling price of a jar of honey minus the cost of a jar of honey as a percentage</p> <p>D is not correct because it is double the mark up of a jar of honey</p> | (1) |

| Question Number | Define the term profit Answer | Mark |
|-----------------|--|------------|
| 1 (b) | AO1 - 1 mark Award 1 mark for a correct definition of profit. <ul style="list-style-type: none"> • Total revenue – total costs (1). | (1) |

| Question Number | Define the term non-current liabilities Answer | Mark |
|-----------------|--|------------|
| 1 (c) | AO1 - 1 mark Award 1 mark for a correct definition of non-current liabilities. <ul style="list-style-type: none"> • Debts that are payable after 12 months (1). | (1) |

| Question Number | State one reason why <i>NOF</i> segments its target market by income Answer | Mark |
|-----------------|--|------------|
| 1 (d) | A02 - 1 mark Award 1 mark for a reason why <i>NOF</i> segments its target market by income. <ul style="list-style-type: none"> • <i>NOF</i> can sell higher priced organic products to people staying at the farm (1). <p>Accept any other appropriate response.</p> | (1) |

| Question Number | Answer | Additional guidance | Mark |
|-----------------|---|---|------------|
| 1 (e) | A02 - 2 marks 90 – 10 = 80 (1) 80/160 x 100 = 50 (1) | Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working. | (2) |

| Question Number | Explain one strategy a small business might use to extend the product life cycle of one of its products Answer | Mark |
|------------------------|---|-------------|
| 1 (f) | <p>A01 - 3 marks</p> <p>Award 1 mark for identification of a strategy of extending a product life cycle, plus 2 further marks for explaining the impact, for a maximum of 3 marks.</p> <ul style="list-style-type: none"> Local advertising could extend the life cycle of a product (1). A small business could deliver leaflets to the local area to increase customer awareness of a product (1) leading to a potential increase in sales (1). <p>NB Answers that list three strategies with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p> | (3) |

| Question Number | Analyse the importance of marketing to <i>NOF</i> Indicative content | Mark |
|------------------------|---|-------------|
| 1 (g) | <p>AO2 = 3 marks AO3 = 3 marks</p> <p>AO2</p> <ul style="list-style-type: none"> • Result from marketing would enable <i>NOF</i> to adapt its overnight accommodation to what the customers want. • Marketing can be used to make customers aware of its organic honey. <p>AO3</p> <ul style="list-style-type: none"> • This may lead to increased bookings for the overnight accommodation. • Sales of organic honey may increase. | (6) |

| 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. (AO3) |
| 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. (AO3) |
| 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. (AO3) |

| Question Number | State one external factor that could cause a change in demand for <i>NOF</i> products | Mark |
|------------------------|---|-------------|
| | Answer | |
| 2 (a) | <p>A02 - 1 mark</p> <p>Award 1 mark for a valid external factor in the context of the business.</p> <ul style="list-style-type: none"> • A change in demand patterns could lead to people buying more organic farmed produce (1). <p>Accept any other appropriate response.</p> | (1) |

| Question Number | State one reason why <i>NOF</i> might use other retailers to sell its products | Mark |
|------------------------|---|-------------|
| | Answer | |
| 2 (b) | <p>A02 - 1 mark</p> <p>Award 1 mark for a valid reason of using retailers in the context of the business.</p> <ul style="list-style-type: none"> • <i>NOF</i> is able to sell its organic farmed produce to other outlets giving it a wider market (1). <p>Accept any other appropriate response.</p> | (1) |

| Question Number | Explain one benefit to a business of using secondary market research | Mark |
|------------------------|---|-------------|
| | Answer | |
| 2 (c) | <p>A01 - 3 marks</p> <p>Award 1 mark for identification of a benefit to a business of using secondary market research, plus 2 further marks for explaining this benefit for a business, for a maximum of 3 marks.</p> <ul style="list-style-type: none"> • Businesses save money by not carrying out the research themselves (1) as the information is freely accessible on the internet (1) and they can access a large amount of information at no cost (1). <p>NB Answers that list three benefits with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p> | (3) |

| Question Number | Explain one limitation of a cash flow forecast when making business decisions Answer | Mark |
|------------------------|--|-------------|
| 2 (d) | <p>A01 - 3 marks</p> <p>Award 1 mark for identification of a limitation of a cash flow forecast, plus 2 further marks for explaining this limitation, for a maximum of 3 marks.</p> <ul style="list-style-type: none"> • A limitation is that it is a forecast not actual figure (1). The forecast does not show what happens if goods are not sold (1) or provide a contingency plan if this occurs (1). <p>NB Answers that list three limitations with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p> | (3) |

| Question Number | Explain one benefit to a business of using crowdfunding as a source of finance Answer | Mark |
|------------------------|---|-------------|
| 2 (e) | <p>A01 - 3 marks</p> <p>Award 1 mark for the identification of a benefit of using crowdfunding as a source of finance, plus 2 further marks for explaining that benefit, for a maximum of 3 marks.</p> <ul style="list-style-type: none"> • Crowdfunding can be a fast way to raise finance (1) from many small investors (1) when no other lender may be available (1) <p>NB Answers that list three benefits with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p> | (3) |

| Question Number | <p><i>NOF</i> is considering two options to introduce the product into the market: Option 1: offering a low introductory price for three months Option 2: selling at the same price as competitors. Justify which one of these two options <i>NOF</i> should choose.</p> <p>Indicative content</p> | Mark |
|-----------------|--|------------|
| 2 (f) | <p style="text-align: center;">A02 = 3 marks A03 = 3 marks A04 = 3 marks</p> <p><u>A02</u></p> <ul style="list-style-type: none"> • Option 1 – By offering an introductory price could entice shoppers in the farm shop to try the popcorn. • Option 2 – Customers might recognise the farm’s name so will buy the popcorn when comparing to its competition. <p><u>A03</u></p> <ul style="list-style-type: none"> • Option 1 – This could lead to an increase in sales due to the low price and will increase revenue. • Option 2 – <i>NOF</i> could see an increase in customers as it is a local brand that people trust so are more willing to buy a new product that it launches. <p><u>A04</u></p> <ul style="list-style-type: none"> • Option 1 – However, the profit on each bag of popcorn will be low even though sales may increase so in the short-term profits might suffer. • Option 2 – However, as they do not have an established brand of popcorn customers may choose to buy a more popular branded popcorn they know. | (9) |

| 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. (AO3) Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4) |
| 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. (AO3) Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4) |
| 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. (AO3) Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4) |

| Question Number | Define the term remuneration | Mark |
|-----------------|---|------------|
| 3 (a) | <p>Answer</p> <p>A01 - 1 mark</p> <p>Award 1 mark for a correct definition of remuneration.</p> <ul style="list-style-type: none"> • Money paid for work or a service (1) | (1) |

| Question Number | Outline one reason why <i>NOF</i> would choose to use seasonal staff when harvesting its products | Mark |
|-----------------|---|------------|
| 3 (b) | <p>Answer</p> <p>A02 - 2 marks</p> <p>Award 1 mark for identifying a reason why <i>NOF</i> would choose to use seasonal staff, plus 1 further mark for linking it to the context of the question.</p> <ul style="list-style-type: none"> • As a farm <i>NOF</i> will harvest different crops at different times (1) demand will then increase for seasonal workers at those times (1) <p>NB Do not accept a reason that is not in the context of <i>NOF</i>.</p> <p>Accept any other appropriate response.</p> | (2) |

| Question Number | Answer | Additional guidance | Mark |
|-----------------|---|---|------------|
| 3 (c) | <p>A02 - 2 marks</p> <p>$2.50 - 1.10 = 1.40$ (1)</p> <p>$77 \div 1.40 = 55$ (1)</p> <p>OR</p> <p>$77 \div 1.40$ (1)</p> <p>$= 55$ (1)</p> | <p>Award 1 mark for correctly substituting numbers into formula.</p> <p>Award two marks for correct numerical answer without working.</p> | (2) |

| Question Number | Analyse how useful break-even calculations can be for <i>NOF</i> when deciding whether to include ice cream in its product range Indicative content | Mark |
|-----------------|--|------------|
| 3 (d) | <p>AO2 = 3 marks AO3 = 3 marks</p> <p>AO2</p> <ul style="list-style-type: none"> • <i>NOF</i> can see that it will need to sell 55 ice creams each day to break even. • <i>NOF</i> can use this information to decide if it can sell 55 tubs a day, 365 days a year. <p>AO3</p> <ul style="list-style-type: none"> • It will help <i>NOF</i> to see at what point it starts making a profit and can ask 'what if' questions to see what impact it has on the break-even point. • This might stop <i>NOF</i> from making ice creams as it may not be able to sell 55 tubs all year round. | (6) |

| 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. (AO3) |
| 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. (AO3) |
| 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. (AO3) |

| Question Number | To do this <i>NOF</i> is considering two options: Option 1: handing out questionnaires at local retailers Option 2: using the internet to research other farms. Justify which one of these two options <i>NOF</i> should choose. Indicative content | Mark |
|------------------------|---|-------------|
| 3 (e) | <p>A02 = 3 marks A03 = 3 marks A04 = 3 marks</p> <p><u>A02</u></p> <ul style="list-style-type: none"> • Option 1 – Questionnaires will let <i>NOF</i> approach potential customers face to face to see what will attract them to visit the farm. • Option 2 – <i>NOF</i> can view a large selection of websites to look at other farms and gather information. <p><u>A03</u></p> <ul style="list-style-type: none"> • Option 1 – <i>NOF</i> can ask specific questions which will give it detailed feedback that it can use to help attract more customers to its farm. • Option 2 – It will be less time consuming/costly as it can see what other farms offer already and compare it to its own to see if it can improve based on this information. <p><u>A04</u></p> <ul style="list-style-type: none"> • Option 1 – However, <i>NOF</i> may not get all of the information it requires or people may not want to fill in the questionnaires whilst they are shopping so it might not be very helpful/limited feedback. • Option 2 – However, <i>NOF</i> may end up spending a lot of time looking at feedback or outdated information which will not be very useful for it and it is not gaining specific feedback on its own farm. | (9) |

| 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. (AO3) Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4) |
| 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. (AO3) Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4) |
| 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. (AO3) Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4) |

| Question Number | Answer | Additional guidance | Mark |
|-----------------|---|---|------------|
| 4 (a) | A02 - 2 marks 300 000/220 000 (1) = 1.36 (1) | Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working. | (2) |

| Question Number | Analyse the benefits to <i>NOF</i> of using personal savings to expand its product range | Mark |
|---------------------------|---|--|
| Indicative content | | |
| 4 (b) | <p>AO2 – 3 marks AO3 – 3 marks</p> <p>AO2</p> <ul style="list-style-type: none"> • <i>NOF</i> can start making ice cream immediately as they have the money. • Amanda and Ken will not have to pay any money back to their bank. <p>AO3</p> <ul style="list-style-type: none"> • By using personal savings <i>NOF</i> does not have to go through a lengthy process of taking out a loan. • As there is no loan there is no need to be concerned about monthly repayments/interest and any profit gained can be used to put back into the business. | (6) |
| 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. (AO3) |
| 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. (AO3) |
| 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. (AO3) |

| Question Number | Evaluate the factors that <i>NOF</i> might consider when measuring the success of its farm shop. You should use the information provided as well as your own knowledge of business | Mark |
|------------------------|--|-------------|
| 4 (c) | <p>Indicative content</p> <p>AO1 = 3 marks AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks</p> <p><u>AO1</u></p> <ul style="list-style-type: none"> • The profit produced by the farm shop • The growth of its product range. <p><u>AO2</u></p> <ul style="list-style-type: none"> • <i>NOF</i> will be able to see how much profit the farm shop is making compared to the overnight accommodation. • <i>NOF</i> is looking at expanding its product range which shows it is currently successful in the products it already sells. <p><u>AO3</u></p> <ul style="list-style-type: none"> • By comparing how much profit is made in the farm shop then <i>NOF</i> can spend money improving the areas that need developing. • This shows success of the business as there is a demand for the products it produces and it is willing to take a risk by expanding that range. <p><u>AO4</u></p> <ul style="list-style-type: none"> • However, an increase in profit is dependent upon many other factors outside the control of <i>NOF</i> such as the weather as this could impact heavily on how much the farm is producing or how many people want to come and visit the farm shop. • However, there is no guarantee that this growth will be a success at a time when supermarkets sell the same products cheaper than <i>NOF</i> and other farms can afford to do. | (12) |

| 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. (AO1) • 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. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4) |
| 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. (AO1) • 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. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4) |
| 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. (AO1) • 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. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4) |