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Mark Scheme (Results)

Summer 2024

Pearson Edexcel GCSE

In Business (1BS0)

Paper 01 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)	<p>The only correct answer is B – Income</p> <p>A is not correct because it is not a way of segmenting a market</p> <p>C is not correct because it is not a way of segmenting a market</p> <p>D is not correct because it is not a way of segmenting a market</p>	(1)

Question number	Answer	Mark
1(b)	<p>The only correct answer is A – Business failure due to unpaid debts</p> <p>B is not correct because it is a definition of trade credit</p> <p>C is not correct because it is a definition of interest</p> <p>D is not correct because it is a definition of a merger</p>	(1)

Question number	Answer	Mark
1(c)	<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>There may be disagreements between partners (1). This means it can be difficult for decisions to be made (1). Therefore, the business will take longer to respond to the needs of customers (1).</p> <p>Decisions made by one partner can affect all partners (1). If this leads to financial loss, then all partners are liable for the debts (1). This may lead to partners losing the money that they invested in the business (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)

Question number	Answer	Mark
1(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>One advantage is that customers may pay less for products (1). This is because a business may reduce prices to become more competitive (1). This may lead to customers being able to buy more products (1).</p> <p>Customers will have more choice (1). This is because increased competition leads to more products being available in the market (1). Therefore, a customer will be able to buy products that fully meet their needs (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>	(3)

Question number	Answer	Mark
2(a)	<p>The only correct answers are B – Internet and C – Market reports</p> <p>A is not correct because it is a primary research method</p> <p>D is not correct because it is a primary research method</p> <p>E is not correct because it is a primary research method</p>	(2)

Question number	Answer	Mark
2(b)	<p>The only correct answers are B – Discrimination and C – Health and safety</p> <p>A is not correct because it is a principle of consumer law</p> <p>D is not correct because it is a principle of consumer law</p> <p>E is not correct because it is an economic influence</p>	(2)

Question number	Answer	Additional guidance	Mark
2(c)	<p>Substitution into correct formula:</p> <p>$£7\,500 + (5,000 \times £2)$ (1)</p> <p>Answer: £17 500 (1)</p>	Award full marks for correct numerical answer without working.	(2)

Question number	Answer	Mark
2(d)	<p>Award 1 mark for a disadvantage, plus 2 further marks for explaining this disadvantage up to a total of 3 marks.</p> <p>Retained profit may not be sufficient (1). This is because a small business may not generate any profit (1). Therefore, there would not be enough funds for expansion (1).</p> <p>Retained profit will not be available for other uses in the business (1). Once it has been used it cannot be used again (1). Therefore, the business may have to use more expensive sources of finance in the future (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)

Question number	Answer	Mark
2(e)	<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>An entrepreneur could receive help and advice when starting the business (1). This would support the owner in making key business decisions (1). This would reduce the chance of business failure (1).</p> <p>The entrepreneur would have access to an established brand (1). This would make it easier to attract customers to the new business (1). Therefore, more likely to lead to a successful start (1).</p> <p>Accept any other appropriate advantage. Answers that list more than one advantage with no explanation will be awarded a maximum of 1 mark.</p>	(3)

Question number	Answer	Mark
3(a)	<p>The only correct answer is D – Survival</p> <p>A is not correct because it is a non-financial aim</p> <p>B is not correct because it is a non-financial aim</p> <p>C is not correct because it is a non-financial aim</p>	(1)

Question number	Answer	Additional guidance	Mark
3(b)	<p>Substitution into correct formula:</p> <p>6,800 – 5,000 (1)</p> <p>Answer: 1,800 units (1)</p>	Award full marks for correct numerical answer without working.	(2)

Question number	Answer	Mark
3(c)	<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>One disadvantage is customers may lose their jobs (1). This means they may have less disposable income (1). This may lead to a fall in revenue (1).</p> <p>Employees may be worried about losing their jobs (1). This means that they may become less motivated (1). Therefore, the business may experience a fall in productivity (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)

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>E-commerce allows a business to sell products 24/7 (1). This is good because customers can buy products any time they have access to the internet (1). Therefore, the business may experience an increase in revenue (1).</p> <p>A small business may no longer need a physical retail space (1). This will lead to a reduction in fixed costs such as rent (1). This may lead to an increase in profit for 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>	(3)

Question number	Indicative content		Mark
3(e)	<ul style="list-style-type: none"> • Branding can help consumers to identify with a product and associate certain characteristics with that brand (AO1b). • Branding can create customer loyalty meaning customers are more likely to repeat purchase a product (AO1b). • If consumers identify with a certain brand there is an increased willingness to pay a higher price for the product (AO3a). • Customer loyalty will still allow a business to charge a higher price despite higher levels of competition (AO3a). 		(6)
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 risk of starting up <i>Adikoggz</i>. Award a maximum of 1 mark if points are not linked.</p> <p>Lack of security (1). This is because not enough people would have wanted to wear customised trainers (1).</p> <p>Keilan could have suffered financial loss (1). Any money invested in the business to buy cleaning equipment or stocks of new trainers could have been lost (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development and evidence of application.</p>	(2)

Question number	Indicative content	Mark
4(b)	<ul style="list-style-type: none"> It is important to identify what price customers are willing to pay for trainers to be cleaned or customised (AO2). Keilan has to select popular football teams and music bands to base his customisations on (AO2). Customers may not be willing to pay £20 to get their trainers cleaned and it may not be profitable for Keilan to charge any less than this. To be successful he needs to find a price that customers feel offers value for money but also allows him to make a profit (AO3a). This will offer more choice to customers. If he selects football teams and music bands that have a lot of fans, then <i>Adikoggz</i> stands a better chance of attracting customers and meeting their needs (AO3a). 	(6)

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: $(52+61+47+34+52+72) \div 6$ (1) Answer: 53 pairs (1)	Award full marks for correct numerical answer without working.	(2)

Question number	Answer	Additional guidance	Mark
5(b)	Substitution into correct formula: $(20 \div 52) \times 100$ (1) Answer: 38.46% (1)	Award full marks for correct numerical answer without working.	(2)

Question number	Indicative content	Mark
5(c)	<ul style="list-style-type: none"> Using social media platforms such as Facebook and Instagram is a low cost way to show images of the trainers that have been customised (AO2). Social media will allow Keilan to engage with his customers and answer queries about deep cleaning prices (AO2). The trainers will be in the colours of football teams so the fans of these teams may share the images of the trainers on social media at no extra cost to <i>Adikoggz</i> (AO3a). This improves the level of customer service which <i>Adikoggz</i> offers and therefore promotes a positive brand image. Other social media users can see this which can lead to them also wanting their trainers cleaned (AO3a). 	(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 (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 cash inflow for <i>Adikoggz</i>.</p> <p>Sales from customised trainers (1). Receipts from deep cleaning (1). Capital from Keilan (1).</p> <p>To award 1 mark there must be evidence of application.</p>	(1)

Question number	Answer	Mark
6(b)	<p>Award up to 2 marks for linked points outlining a benefit from producing a business plan. Award a maximum of 1 mark if points are not linked.</p> <p>It allows Keilan to think through each step before starting the business (1). Therefore, he can make plans if the business does not get enough customers who want customised trainers (1).</p> <p>The business plan can provide information for external parties (1). It may help get trade credit from suppliers of trainers (1).</p> <p>Award any other valid answer. To award 2 marks there must be linked development and evidence of application.</p>	(2)

Question number	Indicative content		Mark
6(c)	<ul style="list-style-type: none"> • Arranging an overdraft would provide a source of cash should there be months where there is low demand for its customised trainers (AO2). • Obtaining trade credit allows <i>Adikoggz</i> to buy new trainers and then pay for them at a later date (AO2). • During months when there is less demand <i>Adikoggz</i> will still have running costs such as paying the wages of the four employees. If there is not as many cash inflows during these months, then an overdraft can be used to help support the business until demand increases again (AO3a). • This will help with the cash-flow because it allows <i>Adikoggz</i> to customise and sell the trainers, and receive payment before they must pay the suppliers. This could therefore lead to less risk when buying new stock of expensive sports shoes (AO3a). • However, overdrafts can be an expensive source of finance as interest will be charged. This is an additional cost for <i>Adikoggz</i>. If it relies on the overdraft too much, then this could indicate that the business needs to seek alternative sources of cash inflows from sports footwear (AO3b). • However, <i>Adikoggz</i> is only a small business. It is not likely to be buying large amounts of stock. Suppliers such as Adidas may not be willing to offer trade credit to a business placing such small orders (AO3b). 		(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 (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 fixed cost for <i>PFC</i>.</p> <p>Rent for the gym premises (1). Advertising to attract new members (1). Salaries for gym instructors (1).</p> <p>To award 1 mark there must be evidence of application.</p>	(1)

Question number	Answer	Mark
7(b)	South west	(1)

Question number	Answer	Mark
7(c)	<p>Award up to 2 marks for linked points outlining a factor that could have influenced the location of <i>PFC</i>. Award a maximum of 1 mark if points are not linked.</p> <p>The proximity to customers (1). <i>PFC</i> would have needed to be located in area where it could attract members to join the gym (1).</p> <p>The level of competition in the area (1). <i>PFC</i> may have chosen an area where there were no other gyms (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development and evidence of application.</p>	(2)

Question number	Indicative content		Mark
7(d)	<ul style="list-style-type: none"> • Reducing the price of gym membership from £39 per month may attract new members who would wish to pay a lower price to keep fit (AO2). • Personalised fitness plans will add value to the membership and give new members more of an incentive to join and keep fit (AO2). • A new gym has opened in the area with a much lower price of £19 per month. There are also a wide range of other ways to keep fit which cost a lot less than what <i>PFC</i> charges. If <i>PFC</i> cuts its price, then customers may feel the membership offers much better value for money (AO3a). • The level of membership is relatively low at <i>PFC</i> so giving individual plans is possible. They can also be tailored to individual members and may help to attract people aged over 50 because they feel the gym is more suited to their needs (AO3a). • However, the price of the competition is much lower and is offered by a large national chain that may have a lower cost per member. <i>PFC</i> will find it difficult to compete on price so should consider other ways to compete such as on quality (AO3b). • However, this may take up a lot of time for the owner. They may also have to put on additional fitness classes to suit the different needs of the members. As these are included in the price of the membership then this would lead to an increase in costs (AO3b). 		(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 (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"> • If consumer incomes are high, then people may have more disposable income to spend. This may lead to them spending more money on luxuries such as gym memberships (AO1b). • When consumer incomes are low then people will look to cut their spending on products and services they feel they do not need or can be substituted with something else (AO1b). • The gym membership at <i>PFC</i> is £39 per month for unlimited visits and fitness classes. Customers may feel that this offers good value on which to spend their additional income (AO2). • If consumer incomes are low, then they may consider keeping fit through more cost-effective ways such as walking or jogging. This may lead to new memberships at <i>PFC</i> declining (AO2). • An increase in demand from consumers with high income will lead to <i>PFC</i> having more revenue per month. This could provide an opportunity to develop the gym further and introduce additional services such as personal training or food nutrition. These new services could lead to further success for the gym (AO3a). • If the number of memberships declines then the business will struggle to maintain its current level of service. It may have to reduce the number of classes it provides to members. This may lead to the members being less loyal and going elsewhere to keep fit (AO3a). • However, if spending on gym memberships rises due to high levels of consumer income, then more competitors will enter the market. Gym membership is still quite low in some regions of the UK so there may not be enough customers for a more competitive market (AO3b). • However, despite the monthly fee being £39 customers may feel this offers good value for money. They may keep the membership going despite low incomes because they can go as many times as they want. If they enjoy going to the gym they may see this as a cost effective way to spend their time rather than other hobbies or interests (AO3b). 	(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 (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).

