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Pearson Edexcel

Mark Scheme (Results)

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.

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Summary of changes from Provisional Mark Scheme

A few minor changes were made to the Mark Scheme before marking on the marking service began. These have been highlighted in red in the Mark Scheme. The changes have been highlighted in the table:

Question Number	Summary of change
2e	Last line amended from 'who may do this for a return or reward' to 'when no other lender may be available.
4b	Bullet point 4 added to indicative content

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

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

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

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

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

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Question Number	Answer	Mark
1 (a) (vi)	AO2 - 1 mark **1 (a) (vi) The only correct answer is C** **A** is not correct because it is the cost of a jar of honey formatted as a percentage **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 **D** is not correct because it is double the mark up of a jar of honey	**(1)**

Question Number	Define the term profit Answer	Mark
1 (b)	AO1 - 1 mark Award 1 mark for a correct definition of profit. • 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. • Debts that are payable after 12 months (1).	**(1)**

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Question Number	State one reason why NOF segments its target market by income Answer	Mark
1 (d)	A02 - 1 mark Award 1 mark for a reason why NOF segments its target market by income. • NOF can sell higher priced organic products to people staying at the farm (1). Accept any other appropriate response.	**(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)**

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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)	A01 - 3 marks 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. • 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). NB Answers that list three strategies with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	**(3)**

Question Number	Analyse the importance of marketing to NOF Indicative content	Mark
1 (g)	AO2 = 3 marks AO3 = 3 marks AO2 • Result from marketing would enable NOF to adapt its overnight accommodation to what the customers want. • Marketing can be used to make customers aware of its organic honey. AO3 • This may lead to increased bookings for the overnight accommodation. • Sales of organic honey may increase.	**(6)**

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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• 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	• 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	• 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)

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Question Number	State one external factor that could cause a change in demand for NOF products Answer	Mark
2 (a)	A02 - 1 mark Award 1 mark for a valid external factor in the context of the business. • A change in demand patterns could lead to people buying more organic farmed produce (1). Accept any other appropriate response.	**(1)**

Question Number	State one reason why NOF might use other retailers to sell its products Answer	Mark
2 (b)	A02 - 1 mark Award 1 mark for a valid reason of using retailers in the context of the business. • NOF is able to sell its organic farmed produce to other outlets giving it a wider market (1). Accept any other appropriate response.	**(1)**

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Question Number	Explain one benefit to a business of using secondary market research Answer	Mark
2 (c)	A01 - 3 marks 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. • 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). NB Answers that list three benefits with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	**(3)**

Question Number	Explain one limitation of a cash flow forecast when making business decisions Answer	Mark
2 (d)	A01 - 3 marks 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. • 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). NB Answers that list three limitations with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	**(3)**

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Question Number	Explain one benefit to a business of using crowdfunding as a source of finance Answer	Mark
2 (e)	A01 - 3 marks 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. • Crowdfunding can be a fast way to raise finance (1) from many small investors (1) when no other lender may be available (1) NB Answers that list three benefits with no explanation will get a maximum of 1 mark. Accept any other appropriate response.	**(3)**

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Question Number	NOF 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 NOF should choose. Indicative content	Mark
2 (f)	AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks AO2 • 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. AO3 • Option 1 – This could lead to an increase in sales due to the low price and will increase revenue. • Option 2 – NOF 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. AO4 • 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)**

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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• 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	• 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	• 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)

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Question Number	Define the term remuneration Answer	Mark
3 (a)	A01 - 1 mark Award 1 mark for a correct definition of remuneration. • Money paid for work or a service (1)	**(1)**

Question Number	Outline one reason why NOF would choose to use seasonal staff when harvesting its products Answer	Mark
3 (b)	A02 - 2 marks Award 1 mark for identifying a reason why NOF would choose to use seasonal staff, plus 1 further mark for linking it to the context of the question. • As a farm NOF will harvest different crops at different times (1) demand will then increase for seasonal workers at those times (1) NB Do not accept a reason that is not in the context of NOF. Accept any other appropriate response.	**(2)**

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Question Number	Answer	Additional guidance	Mark
3 (c)	A02 - 2 marks 2.50 – 1.10 = 1.40 (1) 77÷1.40 = 55 (1) OR 77 ÷ 1.40 (1) = 55 (1)	Award 1 mark for correctly substituting numbers into formula. Award two marks for correct numerical answer without working.	**(2)**

Question Number	Analyse how useful break-even calculations can be for NOF when deciding whether to include ice cream in its product range Indicative content	Mark
3 (d)	AO2 = 3 marks AO3 = 3 marks AO2 • NOF can see that it will need to sell 55 ice creams each day to break even. • NOF can use this information to decide if it can sell 55 tubs a day, 365 days a year. AO3 • It will help NOF 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 NOF from making ice creams as it may not be able to sell 55 tubs all year round.	**(6)**

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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• 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	• 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	• 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)

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Question Number	To do this NOF 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 NOF should choose. Indicative content	Mark
3 (e)	AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks AO2 • Option 1 – Questionnaires will let NOF approach potential customers face to face to see what will attract them to visit the farm. • Option 2 – NOF can view a large selection of websites to look at other farms and gather information. AO3 • Option 1 – NOF 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. AO4 • Option 1 – However, NOF 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, NOF 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)**

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	0	No rewardable material.
Level 1	1–3	• 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	• 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	• 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)

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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 NOF of using personal savings to expand its product range Indicative content	Mark
4 (b)	AO2 – 3 marks AO3 – 3 marks AO2 • NOF 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. AO3 • By using personal savings NOF 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)**

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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• 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	• 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	• 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)

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Question Number	Evaluate the factors that NOF might consider when measuring the success of its farm shop. You should use the information provided as well as your own knowledge of business Indicative content	Mark
4 (c)	AO1 = 3 marks AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks AO1 • The profit produced by the farm shop • The growth of its product range. AO2 • NOF will be able to see how much profit the farm shop is making compared to the overnight accommodation. • NOF is looking at expanding its product range which shows it is currently successful in the products it already sells. AO3 • By comparing how much profit is made in the farm shop then NOF 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. AO4 • However, an increase in profit is dependent upon many other factors outside the control of NOF 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 NOF and other farms can afford to do.	**(12)**

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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• 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	• 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)

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Level 3	9–12	• 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)

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