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Mark Scheme (Results)

Summer 2023

International GCSE

Business (4BS1 01R)

Paper 1R: 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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Question Number	Which **one** of the following describes a minimum wage? **Answer**	**Mark**
1 (a) (i)	**AO1 - 1 mark** **The only correct answer is B – The lowest amount a business can legally pay its employees** **A –** Fixed amount per year and paid monthly – this is not the correct answer as it is a salary **C** – Payment made to an employee for working additional hours – this is not the correct answer as it is overtime **D** – Payment made to an employee for reaching a target – this is not the correct answer as it is a bonus	**(1)**

Question Number	Which **one** of the following describes the cash cow category in the Boston matrix? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is C – Low market growth, high market share** **A –** High market growth, high market share – this is not correct as it is the star category **B –** High market growth, low market share - this is not correct as it is the question mark category **D –** Low market growth, low market share - this is not correct as it is the dog category	**(1)**

Question Number	Which **one** of the following would give a business a negative cash flow? **Answer**	Mark
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is D – Cash outflow is greater than cash inflow** **A** – Cash inflow is greater than cash outflow – this is not correct as it would give the business positive cash flow **B** – Costs are greater than profits – this is not correct as it would give the business a loss **C** – Profits are greater than costs – this is not correct as it would give the business profit	**(1)**

Question Number	Which **one** of the following is a recruitment document that outlines the tasks and responsibilities of a job? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is A – Job description** **B –** Person specification - this is not correct as it is a document outlining person attributes **C –** Application form – this is not correct as it is a form potential employees fill in **D –** Curriculum vitae – this is not correct as it is a document outlining the skills, experiences and qualifications of the potential employee	**(1)**

Question Number	Which **one** of the following is the total cost, in euros, of buying a four week supply of wrapping paper? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is C – €317.40** **A –** €79.35 – this is not the correct answer as it is the cost of 150 metres of wrapping paper for a week **B –** €276.00 – this is not the correct answer as it is 4 weeks of wrapping paper in pounds **D –** €396.75 – this is not the correct answer as it is 5 weeks of wrapping paper in euros	**(1)**

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Question Number	Which **one** of the following is the markup for a selection of traditional flowers? **Answer**	**Mark**
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is A – 54.76%** **B –** 64.62% – this is not the correct answer as it is 42/65 x100 **C –** 182.61% – this is not the correct answer as it is 42/23 x100 **D –** 282.61% – this is not the correct answer as it is 65/23 x100	**(1)**

Question Number	Define the term **economies of scale.** **Answer**	**Mark**
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **economies of scale.** • A fall in average costs as output increases **(1)**	**(1)**

Question Number	Define the term **stakeholder.** **Answer**	**Mark**
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **stakeholder**. • Individuals or groups with an interest in the operation of a business **(1)**	**(1)**

Question Number	State **one** benefit to *Aude Rose* of using just-in-time (JIT) production. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a benefit to *Aude Rose* of using just-in-time production in the context of the business. • *Aude Rose* will have less waste as the flowers will be fresh when delivered to the Paris shop **(1)** **NB** Do not accept a benefit that is not in the context of *Aude Rose*. **Accept any other appropriate response.**	**(1)**

Question Number	Calculate how many bunches of flowers will *Aude Rose* have to sell to break-even. **Answer**	Additional guidance	Mark
1 (e)	**A02 - 2 marks** 50 000/(50 – 10) **(1)** = 1 250 **(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** reason why a business might fail. **Answer**	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a reason why a business might fail, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • A lack of finance **(1)** from poor cashflow can lead to its failure **(1)** leading to an issue of paying for inventory to sell on to customers **(1)** **NB** Answers that list three reasons with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

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Question Number	Analyse the importance to Aude Anglaret of motivating her employees. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • If the florists are motivated, they could produce more bunches of flowers for sale to customers • The florists are more likely to stay in the flower shop if they are paid more **<u>AO3</u>** • Increased productivity could lead to greater outputs and more sales • Employees who stay will reduce the cost of recruitment and training of new employees	**(6)**

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** fringe benefit *Aude Rose* could offer its employees. **Answer**	Mark
2 (a)	**A02 - 1 mark** Award 1 mark for a valid fringe benefit *Aude Rose* could offer its employees in the context of the business. • It could offer its employees training for a qualification as a florist **(1)** **NB** Do not accept a fringe benefit that is not in the context of *Aude Rose*. **Accept any other appropriate response**.	**(1)**

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Question Number	State **one** reason why branding is important to *Aude Rose*. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a valid reason why branding is important to *Aude Rose* in the context of the business. • It makes the business stand out against other flower shops in Paris **(1)** **NB** Do not accept a reason that is not in the context of *Aude Rose*. **Accept any other appropriate response.**	**(1)**

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Question Number	Explain **one** impact of ineffective communication on a business. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of an impact of ineffective communication on a business, plus 2 further marks for explaining the impact, for a maximum of 3 marks. • More mistakes could be made **(1)** as employees will not know what they are doing **(1)** leading to low customer satisfaction **(1)** **NB** Answers that list three impacts with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** advantage of a partnership. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for identification of an advantage of a partnership, plus 2 further marks for explaining this advantage, for a maximum of 3 marks. • Different partners may have different skills **(1)** and be able to offer a wider range of services **(1)** which could lead to increased business **(1)** **NB** Answers that list three advantages with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

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Question Number	Explain **one** disadvantage to a business of product orientation. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for the identification of a disadvantage to a business of product orientation, plus 2 further marks for explaining that disadvantage, for a maximum of 3 marks. • Product may not suit the needs of the customer **(1)** so potential customers may go elsewhere **(1)** resulting in the business losing sales **(1)** **NB** Answers that list three disadvantages with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

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Question Number	*Aude Rose* is considering two options. **Option 1**: sponsor a local event such as a flower show **Option 2**: advertise, using leaflets around Paris. Justify which **one** of these two options *Aude Rose* should choose. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **AO2** • **Option 1** – The event will increase the awareness of her flower shop • **Option 2** – Leaflets can be handed out to passing tourists to draw them to the flower shop **AO3** • **Option 1** – If the flower show is a success, potential customers will have a positive opinion of *Aude Rose* • **Option 2** – The leaflet can include more information such as shop opening hours and the range of flowers being sold **AO4** • **Option 1** – However, these events can be expensive to sponsor so whilst sales may increase there is no guarantee profits will increase • **Option 2** – However, this would mean that someone would have to take time out of the shop to hand out the leaflets or increase costs by paying someone to hand them out	**(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)

Question Number	Define the term **variable costs.** **Answer**	Mark
3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **variable costs**. • Costs that vary as output levels change **(1)**	**(1)**

Question Number	Outline **one** way *Aude Rose* could extend the product life cycle of one its products. **Answer**	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a way *Aude Rose* could extend the product life cycle of one of its products, plus 1 further mark for linking it to the context of the question. • *Aude Rose* could lower the prices of its least popular flowers **(1)** encouraging sales of that variety over other flowers **(1)** **NB** Do not accept a way that is not in the context of *Aude Rose*. **Accept any other appropriate response.**	**(2)**

Question Number	Calculate, to two decimal places, the percentage decrease in retained profits from 2021 to 2022. **Answer**	**Additional guidance**	Mark
3 (c)	**A02 - 2 marks** 16 260 – 12 594 = 3666/16260 x 100 **(1)** = 22.55 **(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	Analyse the impact on *Aude Rose* of using its retained profits for this proposed development. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • By using retained profit *Aude Rose* can buy the flowers straight away • Retained profit can only be used to buy a wider range of flowers if it exists **<u>AO3</u>** • This source of finance does not need to be paid back so any profit made from the new flowers can go back into the flower shop business • There is no guarantee that *Aude Rose* will have enough profit to buy this new range of flowers so may have to wait to accumulate more retained profits	**(6)**

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)

Question Number	*Aude Rose* is considering two options: **Option 1:** hand out questionnaires to customers that visit the shop **Option 2:** using the internet to research new trends. Justify which **one** of these two options *Aude Rose* should choose. **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – By using questionnaires *Aude Rose* could get feedback straight away from customers when buying flowers in the shop • **Option 2** – *Aude Rose* can view a large selection of flower-based websites **<u>AO3</u>** • **Option 1** – The feedback might give the business more information about what the customers want from the flower shop and changes as trends develop • **Option 2** – It will be less time consuming as it can find the exact information it is looking for and compare it to the types of flowers it currently offers **<u>AO4</u>** • **Option 1** – However, customers may not know about the new trends so cannot give any constructive feedback on the purpose of the research being conducted • **Option 2** – However, whilst this research can give information about up-and-coming trends it gives no specific information on the demand for the new trends by its existing customers so could be a waste of time	**(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	Calculate, to two decimal places, the gross profit margin. **Answer**	**Additional guidance**	**Mark**
4 (a)	**A02 - 2 marks** 45 024/62 400 x 100 **(1)** = 72.15 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse factors that *Aude Rose* might consider when measuring the success of its business. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • *Aude Rose* have grown by opening a larger shop in the centre of Paris • By moving to the centre of Paris it has made possible an increase in the number of people buying its flowers **<u>AO3</u>** • By moving to a larger shop in a better location *Aude Rose* has shown success by being able to pay the higher rent • This shows success of the business as there is a demand for its flowers and they are willing to increase the risk to the business by investing in a wider range of flowers	**(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 usefulness of financial documents to help *Aude Rose* when deciding to open a second 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 statement of comprehensive income can show the profit or loss the business has made by the end of its financial year • The figures can show how capable the business is of expanding **AO2** • This can help the business to see how profitable the flower shop currently is • This could draw in potential investors who are interested in the success of the flower shop **AO3** • This document will be useful to show *Aude Rose* how much profit it has to be able to put towards the expansion or inform a bank of how much it needs to lend • The financial documents will outline the current position of the business and could include a cash flow forecast projecting net cash flow in the future **AO4** • However, there are other factors that need to be considered such as figures from previous years as well as the affordability to run the new shop • However, other factors need to be taken into consideration such as the location of the competition which could make it difficult for the second flower shop to survive as a new business to that particular area.	**(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)