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Pearson Edexcel

Mark Scheme (Results)

November 2023

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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Question Number	Which **one** of the following is shown on the statement of financial position? **Answer**	Mark
1 (a) (i)	**AO1 - 1 mark** **The only correct answer is C** **A** is not the correct answer as sales is shown on the statement of comprehensive income **B** is not the correct answer as cost of sales is shown on the statement of comprehensive income **D** is not the correct answer as gross profit is shown on the statement of comprehensive income	**(1)**

Question Number	Which **one** of the following is an element of the marketing mix? **Answer**	Mark
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is A** **B** is not the correct answer as a partnership is when 2 or more people own a business together **C** is not the correct answer as production is the manufacturing of goods **D** is not the correct answer as profit is the difference between total revenue and total costs	**(1)**

Question Number	**(iii)** Which **one** of the following is the total monthly cost? **Answer**	Mark
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is D** **A** is not the correct answer as it is the sum of total fixed costs and variable costs for one unit **B** is not the correct answer as it is the sum of fixed costs plus output quantity **C** is not the correct answer as it is the sum of fixed costs multiplied by the variable cost	**(1)**

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Question Number	Which **one** of the following job roles is most likely associated with capital-intensive production? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is B** **A** is not the correct answer as the role of a hairdresser is labour intensive **C** is not the correct answer as the role of a fruit picker is labour intensive **D** is not the correct answer as the role of a chef is labour intensive	**(1)**

Question Number	Which **one** of the following is an internal source of finance? **Answer**	Mark
1 (a) (v)	**AO1 - 1 mark** **The only correct answer is C** **A** is not the correct answer as an overdraft is an external source of finance **B** is not the correct answer as venture capital is an external source of finance **D** is not the correct answer as crowdfunding is an external source of finance	**(1)**

Question Number	Which **one** of the following is the weekly break-even point? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is C** **A** is not the correct answer as this represents the wrong fixed costs of 44 000 divided by the contribution of 5 500 **B** is not the correct answer as this represents the fixed costs of 440 000 divided by the selling price of 8 000 **D** is not the correct answer as this represents the fixed costs of 440 000 divided by the variable cost per unit of 2 500	**(1)**

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Question Number	Define the term **profit.** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **profit** • The amount remaining when total costs are deducted from total revenue **(1)**	**(1)**

Question Number	Define the term **span of control.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **span of control**. • The number of workers controlled by one manager **(1)**	**(1)**

Question Number	State **one** likely variable cost for *AWG.* **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for one variable cost for *AWG* • *AWG* will have to pay for the cost of wool used to make the jumpers **(1)** **NB** Do not accept a variable cost that is not in the context of *AWG*. **Accept any appropriate response.**	**(1)**

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Question Number	Calculate, to **two** decimal places, the new price of the jumper in the promotional sale. **Answer**	**Additional guidance**	**Mark**
1 (e)	**A02 - 2 marks** 329 x 0.25 = 82.25 **(1)** 329 - 82.25 = 246.75 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Explain **one** benefit to a business that operates as a sole trader. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a benefit to a business that operates as a sole trader, plus 2 further marks for explaining the benefit, for a maximum of 3 marks. • Independence of the owner **(1)** which means they can make decision without reference to anyone else **(1)** eliminating any conflicts or disagreements within the business **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any appropriate response.**	**(3)**

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Question Number	Analyse the advantages to *AWG* of using e-commerce to sell its products. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • *AWG* sells its shirts on-line to customers based in other countries • *AWG* uses a website to advertise its baby clothes to attract new customers **<u>AO3</u>** • This helps create recognition of the business internationally allowing *AWG* to increase its sales revenue. • This helps to reduce the costs for *AWG* as selling online is less expensive than opening stores in other countries.	**(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** non-financial method *AWG* may use to motivate its employees. **Answer**	**Mark**
2 (a)	**A02 - 1 mark** Award 1 mark for the identification of a valid method *AWG* could use to motivate its employees • The business could use job rotation so employees make not only jumpers but shirts as well **(1)** **NB** Do not accept a method that is not in the context of *AWG* **Accept any appropriate response**.	**(1)**

Question Number	State **one** task of an *AWG* employee working in the human resources department. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for the identification of a valid task of an *AWG* employee working in the human resources department • *The AWG* employee working in the human resources department may be responsible for arranging the training of new employees to use the sewing machines **(1)** **NB** Do not accept a task that is not in the context of *AWG* **Accept any appropriate response.**	**(1)**

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Question Number	Explain **one** benefit of globalisation to a small business. **Answer**	**Mark**
2 (c)	**A01 - 3 marks** Award 1 mark for identification of a benefit of globalisation to a small business, plus 2 further marks for explaining this benefit, for a maximum of 3 marks. • A small business can reach a larger audience of customers **(1)** because it can sell its products into new countries **(1)** leading to increased revenue and profitability for the business **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any appropriate response.**	**(3)**

Question Number	Explain **one** method of below-the-line promotion a business may use to retain its customers. **Answer**	**Mark**
2 (d)	**A01 - 3 marks** Award 1 mark for identification of a method of below-the-line promotion a business could use, plus 2 further marks for explaining this method, for a maximum of 3 marks. • Existing customers may be offered sales promotions/discounts **(1)** with the aim of enticing customers to buy at a lower price **(1)** and therefore encourage repeat sales by its customers **(1)** **NB** Answers that list three methods with no explanation will get 1 mark only. **Accept any appropriate response**.	**(3)**

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Question Number	Explain **one** benefit to a business of using market segmentation to target its customers. **Answer**	**Mark**
2 (e)	**A01 - 3 marks** Award 1 mark for the identification of a benefit to a business of using market segmentation to target its customers, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • To identify customers with similar characteristics **(1)** in order to develop a product or service which meets those customers' needs **(1)** leading to an increase in sales and consumer loyalty **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any appropriate response.**	**(3)**

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Question Number	It is considering two options: **Option 1:** use venture capital to open new stores **Option 2:** start offering franchises. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – A venture capitalist may provide the funds to build the new stores to sell the jumpers • **Option 2** – A franchisee will pay *AWG* a fee for the right to sell its baby clothes **<u>AO3</u>** • **Option 1** – As well as providing the funds the venture capitalist may also have knowledge of the needs of Icelandic customers • **Option 2** – This method would allow *AWG* to increase its revenue from fees paid by the franchisee **<u>AO4</u>** • **Option 1** – However, the venture capitalist may want to take some control of the business and interfere with the decision making and objectives of the business • **Option 2** – However, *AWG* are reliant on the franchisee running the business well and not causing bad publicity for *AWG* which might impact its brands reputation	**(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	Define the term **job production.** **Answer**	Mark
3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **job production.** • Method of production that involves all factors to complete one unit of output at a time **(1)**	**(1)**

Question Number	Outline why *AWG* can be classified as operating in the secondary sector. **Answer**	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying why *AWG* can be classified as operating in the secondary sector, plus 1 further mark for linking it to the context of the business. • *AWG* take raw materials **(1)** to convert them into jumpers and dresses **(1)** **NB** Do not accept why that is not in the context of *AWG*. **Accept any appropriate response.**	**(2)**

Question Number	Calculate the total amount, including interest, *AWG* would have paid to the bank. **Answer**	Additional guidance	Mark
3 (c)	**A02 - 2 marks** 70 000 x 0.065 = 4 550 **(1)** 70 000 + 4 550 = 74 550 **(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 *AWG* of a depreciation of the ISK. **Indicative content**	**Mark**
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • Exchange rates will affect the price that *AWG* will pay for importing the wool and other materials they buy to make the clothing • The cost of the jumpers bought by customers in other countries will be impacted by a change in the exchange rate **<u>AO3</u>** • A depreciating krona could lead to an increase in the cost of material purchased by *AWG* and may result in an increase in the price of the clothing • A depreciating krona may lead to an increase in demand from overseas customers who benefit from the change in the exchange rate	**(6)**

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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	**Option 1:** competition pricing **Option 2:** cost plus pricing Justify which **one** of these two options *AWG* should choose. **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – Competition pricing would see *AWG* selling clothing at similar prices to other clothing retailers • **Option 2** – Cost plus pricing would mean *AWG* would calculate the costs of making the jumpers and then add a markup for profit **<u>AO3</u>** • **Option 1** – This may increase the chance of selling the clothes as younger customers are likely to compare the prices of clothing especially if their income is low • **Option 2** – *AWG* can guarantee that they would make a profit on each item sold **<u>AO4</u>** • **Option 1** – However, as *AWG* use sustainable materials in its jumpers, the manufacturing cost of the clothing may be high, which means selling at a competitive price may not be feasible • **Option 2** – However, cost plus pricing does not account for what the customer is willing to pay, and *AWG* could be losing out on possible increased revenue/profits	**(9)**

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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 the commission payment paid to an employee selling 12 jumpers. **Answer**	**Additional guidance**	**Mark**
4 (a)	**A02 - 2 marks** 34 000 x 0.02 = 680 **(1)** 680 x 12 = 8 160 **(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 how this could affect its business. **Indicative content**	Mark
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • Employees in the clothing workshop will be able to discuss different manufacturing techniques/designs for the jumpers • A major advantage of Kaizen is efficiency. Kaizen may help to improve the quality of children's clothing. **<u>AO3</u>** • This helps create innovative ideas for *AWG* which will help them to stand out from other competitors selling clothing • This may result in attracting more customers who are seeking sustainable and long-lasting items of clothing.	**(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	Evaluate the impact on *AWG* of having these social objectives when planning to grow the business. 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** • Social objectives aim to benefit society • Social objectives focus on ethical factors other than profit **AO2** • *AWG* encourage families to re-use clothing made from natural materials and reduce waste in society • In the workshops at *AWG* waste is kept to a minimum and spare material is used to make hats and scarves **AO3** • This may enable *AWG* to meet the needs and wants of customers who care about the environment and are seeking a sustainable range of clothing • Minimising waste may enable *AWG* to reduce its costs and pass on the cost savings to its customers to encourage more sales **AO4** • However, it may be more costly to use natural material which may result in a high price for the jumpers and dresses. This may discourage some people from buying the clothes resulting in slow growth for the business • However, many people in society may not be concerned about social objectives and the environment. They may be more concerned about current fashion which may lead to a decrease in sales revenue for *AWG*.	**(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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