



Mark Scheme (Results)

Summer 2023

Pearson Edexcel GCSE
In Business 1BS0/01 Paper 1
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.

Section A

Question number	Answer	Mark
1(a)	<p>The only correct answer is C – Spotting where there is a gap in the market</p> <p>A is not correct because it is not identified using a market map</p> <p>B is not correct because it is not identified using a market map</p> <p>D is not correct because it is not identified using a market map</p>	(1) AO1a

Question number	Answer	Mark
1(b)	<p>The only correct answer is C – Customers will borrow more money</p> <p>A is not correct because it is an impact of an increase in interest rates</p> <p>B is not correct because it is an impact of an increase in interest rates</p> <p>D is not correct because it is an impact of an increase in interest rates</p>	(1) AO1a

Question number	Answer	Mark
1(c)	<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>The owners would have limited liability (1). This means that any debts are the responsibility of the business (1). Therefore, the personal possessions of the owners will not have to be sold to pay the debts of the business (1).</p> <p>The business can sell shares to raise finance (1). This is good because the business may have extra funds for investment (1). This may lead to a reduction in the chance of business failure (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) AO1a=1 AO1b=2

Question number	Answer	Mark
1(d)	<p>Award 1 mark for identification of a way, plus 2 further marks for explaining this way up to a total of 3 marks.</p> <p>The business could choose a cheaper location (1). This is because the business can use e-commerce (1). As a result, the business may not require a physical retail location (1).</p> <p>The business will need to be in a location with good internet connections (1). This is because a business may need the internet to communicate with stakeholders (1). A location with a weak signal could cause barriers to communication for the business (1).</p> <p>Accept any other appropriate response. Answers that list more than one way with no explanation will be awarded a maximum of 1 mark.</p>	<p>(3) A01a=1 A01b=2</p>

Question number	Answer	Mark
2(a)	<p>The only correct answers are A – Choice and C – Quality</p> <p>B is not correct because it is not a customer need</p> <p>D is not correct because it is not a customer need</p> <p>E is not correct because it is not a customer need</p>	(2) AO1a

Question number	Answer	Mark
2(b)	<p>The only correct answers are B – Organising resources and D – Taking risks</p> <p>A is not correct because it is not a role of an entrepreneur</p> <p>C is not correct because it is a non-financial aim</p> <p>E is not correct because it is a type of business ownership</p>	(2) AO1a

Question number	Answer	Additional guidance	Mark
2(c)	<p>Substitution into correct formula:</p> $£10\,000 \div (£6.50 - £2.50)$ $= 2,500 \text{ units}$ <p>Decrease = 4,000 – 2,500 (1)</p> <p>Answer: 1,500 units (1)</p>	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
2(d)	<p>Award 1 mark for identification of a way, plus 2 further marks for explaining this way up to a total of 3 marks.</p> <p>A small business could gain an advantage by charging lower prices (1). This would mean customers are more likely to buy the product because it is cheaper than other products (1). Therefore, this would attract customers from its competitors as they want to save money (1).</p> <p>A small business could improve the quality of the product (1). This would attract customers because they think they are getting a better product (1). As a result, the business would gain a better reputation than competitors (1).</p> <p>Accept any other appropriate response. Answers that list more than one way with no explanation will be awarded a maximum of 1 mark.</p>	(3) AO1a=1 AO1b=2

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>A small business would not get sued for breaking the law (1). This means the business would not have to face financial consequences such as a fine (1). This will prevent the business from having a negative image (1).</p> <p>Employees will feel that the business is taking good care of them (1). Therefore, the business will have a more motivated workforce (1). This could lead to an increase in productivity (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>	<p>(3) AO1a=1 AO1b=2</p>

Question number	Answer	Mark
3(a)	<p>The only correct answer is A – Locate in a convenient place</p> <p>B is not correct because it is not used to add value</p> <p>C is not correct because it is not used to add value</p> <p>D is not correct because it is not used to add value</p>	<p>(1) AO1a</p>

Question number	Answer	Additional guidance	Mark
3(b)	<p>Substitution into correct formula:</p> <p>$£5.20 \times 7,200$ (1)</p> <p>Answer: £37 440 (1)</p>	Award full marks for correct numerical answer without working.	<p>(2) AO2</p>

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 that the employees will want to leave the business (1). This means the business may have to find new employees (1). This may increase the recruitment costs of the business (1).</p> <p>The employees may not be motivated (1). This means the productivity of the employees will fall (1). Therefore, the business may experience problems meeting customer orders (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>	<p>(3) AO1a=1 AO1b=2</p>

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>Retained profit is a cheap source of finance (1). This is because interest is not paid on retained profit (1). Therefore, the business would not experience an increase in costs (1).</p> <p>Retained profit does not dilute the ownership of the business (1). This is because the owner(s) keep full control of all decisions made since no new shares are issued (1). This may lead to decisions being made quicker in 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>	<p>(3) AO1a=1 AO1b=2</p>

Question number	Indicative content		Mark
3(e)	<ul style="list-style-type: none"> Adapting existing products can take less time and creative input than creating original ideas (AO1b). Adapting existing products may not be as innovative as creating original ideas (AO1b). New ideas can be brought to market ahead of competitor products and therefore provide a competitive advantage to a business (AO3a). Less innovative ideas may not fully meet changing customer needs. Therefore, customers may choose a new product from a competitor that has filled a gap in the market (AO3a). 		(6) AO1b=3 AO3a=3
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 way financial information in a business plan could help forecast success. Award a maximum of 1 mark if points are not linked.</p> <p>The business plan could contain a cash-flow forecast for <i>Lili Heating Ltd</i> (1). This would help ensure there was always enough cash to pay for plumbing supplies (1).</p> <p>A break even forecast could be included in the business plan (1). This would set a target of how many female customers were needed to start making a profit (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development and evidence of application.</p>	(2) AO2

Question number	Indicative content	Mark
4(b)	<ul style="list-style-type: none"> The challenge of setting up a plumbing business in Birmingham, where competition is high, could be a driving force for Amelia (AO2). Amelia may want to gain more independence after working for someone else for six years (AO2). As a result, she would be determined to succeed as there are very few female business owners in the plumbing industry. This could give her an extra incentive to do well. (AO3a). Therefore, by setting up <i>Lili Heating Ltd</i> she can be her own boss and make her own decisions. She no longer has to carry out repairs on houses for someone else (AO3a). 	(6) AO2=3 AO3a=3

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: £4 000 + (£8 600 - £11 000) (1) Answer: £1 600 (1)	Award full marks for correct numerical answer without working.	(2) A02

Question number	Answer	Additional guidance	Mark
5(b)	Substitution into correct formula: (33,700 ÷ 66,700) x 100 (1) Answer: 50.52% (1)	Award full marks for correct numerical answer without working.	(2) A02

Question number	Indicative content	Mark
5(c)	<ul style="list-style-type: none"> Using the internet as a source of secondary market research is a fast and convenient way to discover how many females live in Birmingham (AO2). The internet will not provide focused information to let Amelia know if there will be enough demand for her plumbing and building services (AO2). Although she knows how many females live in Birmingham, it would be difficult to find out how many of them own a property or would want a female plumber to work in their homes (AO3a). <i>Lili Heating Ltd</i> will be in competition against other established plumbers. Amelia will need to spend more time developing her target market to make sure there are enough potential customers (AO3a). 	(6) A02=3 A03a=3

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 element of the marketing mix for <i>Lili Heating Ltd</i>.</p> <p>The place of distributing her services to customer homes in Birmingham (1). Promotion methods to attract female customers (1). Product is to repair/install boilers (1).</p> <p>To award 1 mark there must be evidence of application.</p>	(1) A02

Question number	Answer	Mark
6(b)	<p>Award up to 2 marks for linked points outlining a reason why the government would want <i>Lili Heating Ltd</i> to be successful. Award a maximum of 1 mark if points are not linked.</p> <p>The government will collect more tax if <i>Lili Heating Ltd</i> is successful (1). Taxes will be based on the profits it makes from plumbing repairs (1).</p> <p>The government will want more people to be employed (1). Amelia may employ more female plumbers if the business is a success (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development and evidence of application.</p>	(2) A02

Question number	Indicative content		Mark
6(c)	<ul style="list-style-type: none"> Offering discounted prices to female customers will help build on her unique selling point of being a female plumber (AO2). Using social media makes it much easier to communicate with customers when giving advice and clear prices for the plumbing work (AO2). Female customers often feel they cannot trust male plumbers when they give them prices to repair their houses. If Amelia offers a discount to female customers, it will make them aware that she is trying to help them overcome this problem (AO3a). This will help promote the quality of customer service Amelia can give to customers. As a result, customers can leave positive reviews on social media which will help her achieve her advertising objective of gaining customers through word-of-mouth recommendations (AO3a). However, Amelia may be alienating male customers. They will feel that <i>Lili Heating Ltd</i> is not being fair in only offering the discount to women. This could create bad publicity for Amelia and give the business a bad image with half the population in Birmingham (AO3b). However, there is a lot of competition in the Birmingham area so it will be difficult to get her social media promotion noticed. This could make it difficult to differentiate her service (AO3b). 		(9) AO2=3 AO3a=3 AO3b=3
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 risk for investors in <i>Ripple</i>.</p> <p>Loss of money invested in the wind farm (1). Investors may not receive enough energy for home/business needs (1). Business may fail due to lack of demand for renewable energy (1).</p> <p>To award 1 mark there must be evidence of application.</p>	(1) A02

Question number	Answer	Mark
7(b)	Coal	(1) A02

Question number	Answer	Mark
7(c)	<p>Award up to 2 marks for linked points outlining a benefit to customers of <i>Ripple</i>. Award a maximum of 1 mark if points are not linked.</p> <p>Customers will receive the correct green energy plan (1). This will make sure they receive the correct amount of energy for their needs (1).</p> <p>Customers will invest the correct amount of money into the wind farm (1). This will lead them to get the best return on their money (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development and evidence of application.</p>	(2) A02

Question number	Indicative content	Mark
7(d)	<ul style="list-style-type: none"> • <i>Ripple</i> provides green energy through its wind farm in South Wales. Therefore, they would have to pay less tax to the government on any profits made from production and supply of energy. (AO2). • As <i>Ripple</i> grows it will need to employ new people in line with the government target of 220,000 new jobs in the green energy sector. As these are new jobs there will be a need for training to develop new skills. (AO2). • If <i>Ripple</i> pays less tax to the government then it would have more retained profit to invest into the business. This could result in cheaper energy being provided to its members. As a result, <i>Ripple</i> may attract more investment and could then expand into other green business ideas (AO3a). • Training courses can be expensive. Sending new employees on these courses would increase the costs of <i>Ripple</i>. Therefore, if the government pays for this training then <i>Ripple</i> could focus more of its members' investment into expanding the wind farm (AO3a). • However, the business is owned by the customers and the main objective may not be profit maximisation. This would limit the effect that any reduction in tax would have on the business (AO3b). • However, the business is located in a remote area of the country and may not need to employ many people to manage the wind farm. Therefore, they might not have enough training requirements to fully benefit from the government strategy (AO3b). 	(9) A02=3 A03a=3 A03b=3

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"> • Price is an important part of the marketing mix as it will be a major influence on how many customers choose to invest in the energy plans of <i>Ripple</i> (AO1b). • Other parts of the marketing mix such as place, product and promotion may be more important than the price element (AO1b). • The energy market is very competitive and is dominated by many large suppliers such as British Gas. <i>Ripple's</i> plan of investing in wind farms could lead to lower energy prices for customers (AO2). • Many customers may be new to the green energy market and will only move from existing suppliers if <i>Ripple</i> can make customers aware of the business through effective promotion. (AO2). • Households are using increasing amounts of energy which will lead to higher household bills for gas and electric. They will be attracted to the possibility of lower bills if <i>Ripple's</i> prices are lower than competitors. Energy bills form a large part of household expenditure so lower prices will be important to a lot of customers (AO3a). • <i>Ripple</i> is a new business and is offering electricity via the USP of investing in a wind farm. Penetrating the market via effective promotion may be the most important part of the marketing mix as customers will need a lot of information. Choosing suitable promotion methods may therefore be more important than the price of energy (AO3a). • However, the business model for <i>Ripple</i> is different from other energy suppliers. Investing in the wind farm may be confusing for customers. As a result, they may not buy electricity from <i>Ripple</i> despite its promise of lower prices (AO3b). • However, <i>Ripple</i> has an objective of being an ethical business. Consumers are becoming increasingly ethical and are becoming more interested in environmental matters but are often reluctant to pay higher prices. Lower prices may therefore be the key influence in persuading customers to swap suppliers and achieve its non-financial aims (AO3b). 	(12) AO1b=3 AO2=3 AO3a=3 AO3b=3

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).

