



Mark Scheme (Results)

Summer 2025

Pearson Edexcel International GCSE
In Business (4BS1) Paper 01R
Paper 01R: 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

Question Number	Which one of the following is the production process that relies more on machinery than on labour? Answer	Mark
1 (a) (i)	AO1 - 1 mark The only correct answer is D – Capital intensive A – Kaizen - this is not correct because it is a method of lean production B – Job production - this is not correct because it is usually labour intensive C – Just-in-time - this is not correct because this is a method of lean production	(1)

Question Number	Which one of the following is a pricing strategy that involves setting a low price for a product when it is first introduced to the market to quickly gain market share? Answer	Mark
1 (a) (ii)	AO1 - 1 mark The only correct answer is C – Penetration A – Skimming - this is not correct because it is when a business charges a high price to begin with B – Competition - this is not correct because it is when a business considers its competitors price before setting theirs D – Cost plus - this is not correct because it is adding a mark-up to the product	(1)

Question Number	Which one of the following is most likely to improve the cash flow position of a small business to help prevent its failure? Answer	Mark
1 (a) (iii)	AO1 - 1 mark (1) Select one answer The only correct answer is B – Paying suppliers later A – Paying overhead costs sooner - this is not correct because it will increase the cash outflow C – Increasing the rate of pay for its employees- this is not correct because it will increase the cash outflow D –Decreasing the net cash flow - this is not correct because this means increased cash outflows compared to cash inflows	(1)

Question Number	Which one of the following is a financial business aim? Answer	Mark
1 (a) (iv)	AO1 - 1 mark The only correct answer is C – Survival A – Challenge - this is not correct because it is a non-financial business aim B – Independence - this is not correct because it is a non-financial business aim D – Control - this is not correct because it is a non-financial business aim	(1)

Question Number	Which one of the following would CCT pay in CNY for six electric bicycles?	Mark
	Answer	
1 (a) (v)	AO2 - 1 mark The only correct answer is D – 30 855.00 CNY A – 550.00 CNY - this is not correct because it is the cost of one electric bicycle in £ B – 3 300.00 CNY - this is not correct because it is £550 x 6 bicycles C – 5 142.50 CNY - this is not correct because it is £550 x the exchange rate of 9.35	(1)

Question Number	Using Figure 1 which one of the following is correct for CCT?	Mark
	Answer	
1 (a) (vi)	AO2 - 1 mark The only correct answer is C – it made a profit of 412 658 CYN A – it made a loss of 1 031 646 CYN - this is not correct because it is the total costs B – it made a loss of 412 658 CYN - this is not correct because it is the total costs minus revenue D – it made a profit of 1 031 646 CYN - this is not correct because it is the total costs	(1)

Question Number	Define the term branding .	Mark
	Answer	
1 (b)	AO1 - 1 mark Award 1 mark for a correct definition of branding. A name or logo that distinguishes it from its competition (1)	(1)

Question Number	Define the term autonomy .	Mark
	Answer	
1 (c)	A01 - 1 mark Award 1 mark for a correct definition of autonomy . Employees are given the authority to make decisions about how they work (1)	(1)

Question Number	State one method of secondary market research <i>CCT</i> could use to collect market data.	Mark
	Answer	
1 (d)	A02 - 1 mark Award 1 mark for a method of secondary market research <i>CCT</i> could use to collect market data. The internet to search for other bicycle-hire businesses in the local area (1) NB Do not accept a way that is not in the context of <i>CCT</i> . Accept any other appropriate response.	(1)

Question Number	Calculate, to two decimal places, the current ratio for 2024. You are advised to show your working	Additional guidance	Mark
	Answer		
1 (e)	A02 - 2 marks 561 258/ 233 098 (1) = 2.41 (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 the business owner of operating as a private limited company.	Mark
	Answer	
1 (f)	A01 - 3 marks Award 1 mark for a benefit to an owner of a private limited company, plus 2 further marks for explaining the benefit, for a maximum of 3 marks. A private limited company has limited liability (1) which reduces the risk of ownership (1) as personal possessions will be protected in the event the business has to pay back any outstanding debts (1) NB Answers that list three benefits with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Analyse the concerns <i>CCT</i> may have of introducing this app for its customers.	Mark
	Indicative content	
1 (g)	A02 = 3 marks A03 = 3 marks <u>A02</u> - Customers might be reluctant to download the app for a one-off biking experience - It can be costly for <i>CCT</i> to introduce an app where customers can book the bicycles. <u>A03</u> - Its customers may have a lot of apps on their phones and might not see the point of downloading another one if they are only using it for a short amount of time whilst on holiday <i>CCT</i> may not have the experience to create an app so may need to pay a designer to build the app and pay someone to maintain the app	(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	State one financial method of motivation <i>CCT</i> could use with its employees. Answer	Mark
2 (a)	A02 - 1 mark Award 1 mark for a valid financial method of motivation <i>CCT</i> could use with its employees. Commission paid for each customer booked on a cycle tour (1) NB Do not accept a factor that is not in the context of <i>CCT</i>. Accept any other appropriate response.	(1)

Question Number	State one benefit to <i>CCT</i> of satisfying customer needs. Answer	Mark
2 (b)	A02 - 1 mark Award 1 mark for a valid benefit to <i>CCT</i> of satisfying customer needs. • Its customers will recommend the cycle tours to friends and family (1) NB Do not accept a benefit that is not in the context of <i>CCT</i>. Accept any other appropriate response.	(1)

Question Number	Explain one way a business could increase its profit. Answer	Mark
2 (c)	A01 - 3 marks Award 1 mark for identification of a way a business could increase its profit, plus 2 further marks for explaining this way, for a maximum of 3 marks. • Increase the price of the product (1) if customers feel the quality is high they may be willing to pay the new price (1) and if costs stay the same profit will increase (1) NB Answers that list three ways with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Explain one way that the introduction of tariffs might affect a business importing goods.	Mark
	Answer	
2 (d)	A01 - 3 marks Award 1 mark for a way that the introduction of tariffs might affect a business importing goods, plus 2 further marks for explaining this impact, for a maximum of 3 marks. Imported products will now become more expensive (1) because of the tax imposed on imports (1) which may lead to a decrease in sales for the importer NB Answers that list three impacts with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Explain one reason why quality control is important to a business.	Mark
	Answer	
2 (e)	A01 - 3 marks Award 1 mark for a reason why quality control is importance to a business, plus 2 further marks for explaining that reason, for a maximum of 3 marks. Improved customer satisfaction (1) as defects would be identified before goods are despatched to customers (1) leading to fewer returns from customers (1) NB Answers that list three reasons with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	The owner of <i>CCT</i> wants to measure the success of the business. The owner is considering two options: Option 1: customer satisfaction Option 2: profit Justify which one of these two options the owner of <i>CCT</i> should choose. Indicative content	Mark
2 (f)	A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A02</u> • Option 1 – Customer satisfaction will indicate to <i>CCT</i> how happy customers are with the level of the bicycle touring service • Option 2 – a high level of profit will show <i>CCT</i> they can provide the bicycle tours at a cost which is lower than the price they are selling them for <u>A03</u> • Option 1 – Customer satisfaction would be a useful measure of success since it would tell <i>CCT</i> the strengths of its brand and what customer are happy with • Option 2 – it would be a useful measure as it will show that the business is financially viable and it can cover any costs incurred <u>A04</u> • Option 1 – However, it is difficult to measure customer satisfaction accurately as it relies on customers leaving reviews and providing honest feedback of their experiences • Option 2 – However, profit can be affected by short-term fluctuations in the market, making it difficult to measure success over a longer period of time	(9)

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 share capital .	Mark
	Answer	
3 (a)	A01 - 1 mark Award 1 mark for a correct definition of share capital. The funds a company raises by issuing shares (1)	(1)

Question Number	Outline how <i>CCT</i> could use quantitative research data to improve its service.	Mark
	Answer	
3 (b)	A02 - 2 marks Award 1 mark for identifying a way quantitative research data might be used by <i>CCT</i> to improve its service, plus 1 further mark for linking it to the context of the question. - Using data on how much people are willing to pay for the bicycle tours (1) could lead to <i>CCT</i> charging a more competitive price (1) - Using data on the number of people who require electric bicycles (1) could lead to <i>CCT</i> providing more electric bicycles at peak times (1) NB Do not accept a way that is not in the context of <i>CCT</i>. Accept any other appropriate response.	(2)

Question Number	Calculate, to two decimal places, the gross profit margin. You are advised to show your working. Answer	Additional guidance	Mark
3 (c)	A02 - 2 marks 71 500/ 85 000 x 100 (1) = 84.12 (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)

Question Number	Analyse the possible effects on <i>CCT</i> of recruiting externally. Indicative content	Mark
3 (d)	A02 = 3 marks A03 = 3 marks <u>A02</u> - It provides a larger pool of potential candidates who may have specialised knowledge of marketing team-building activities - It may be expensive and time-consuming to advertise, shortlist and interview candidates to promote the bicycle tours <u>A03</u> - This could lead to the recruitment of a marketing manager who can provide new ideas to <i>CCT</i> and provide a competitive edge in the bicycle tour market - This could lead to time and money spent on recruitment rather than the development of its current services and employees to grow its business	(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	Feedback from some customers suggested they became tired during the bicycle tours. To overcome this problem CCT is planning to purchase electric bicycles. To fund the cost of purchasing the electric bicycles, CCT is considering two options: Justify which one of these two options CCT should choose. Option 1: selling assets Option 2: retained profit Indicative content	Mark
3 (e)	A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A02</u> • Option 1 – selling off any bicycle equipment CCT does not use can provide it with cash to buy the bicycles • Option 2 – If CCT has retained profit it has immediate access to the funds to purchase the electric bicycles <u>A03</u> • Option 1 – This means they are making good use of any assets they no longer use • Option 2 – This means that CCT can adapt quickly to the changing wants and needs of its customers <u>A04</u> • Option 1 – However, as the electric bicycles cost £550 each, CCT may not have many surplus assets to sell off that will cover the cost for all of the bicycles leaving them less competitive against other bicycle tours. • Option 2 – However, if CCT uses all of its retained profit to purchase the bicycles it will not have any funding to cover any unforeseen circumstances or emergencies	(9)

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	Calculate the total discount received by a business if it books eight people on a team-building tour. You are advised to show your workings. Answer	Additional guidance	Mark
4 (a)	A02 - 2 marks $938 \times 8 = 7\,504$ (1) $7\,504 \times 6\% = 450.24$ (1) Or $938 \times 6\% = 56.28$ (1) $56.28 \times 8 = 450.24$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)

Question Number	Analyse other forms of technology <i>CCT</i> can use to communicate its services. Indicative content	Mark
4 (b)	A02 – 3 marks A03 – 3 marks A02 - Social media can be used to target the bicycle enthusiasts - E-newsletters can keep previous customers up-to-date on any new bicycle services being offered A03 - This helps <i>CCT</i> to personalise the information to the customer based on what they have searched for on the internet - This allows <i>CCT</i> to reach out to customers who have already been on the bicycle tours to encourage them to book another tour or recommend <i>CCT</i> to friends and family	(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	Evaluate the impact on <i>CCT</i> of an increase in the Chinese interest rate. You should use the information provided as well as your own knowledge of business. Indicative content	Mark
4 (c)	A01 = 3 marks A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A01</u> • The cost of borrowing money • The rate of interest charged by the banks <u>A02</u> • If <i>CCT</i> want to take out a loan to cover the cost of buying electric bicycles it will be more expensive if interest rates increase • People living in China will have to pay more for borrowing money and may have less disposable income to spend on touring the country <u>A03</u> • Leading to an increase in fixed costs. This means more revenue will be required to be able to reach the break-even point • This could lead to a reduction in the demand for the bicycle tours lowering the revenue for <i>CCT</i> and increasing the risk of business failure <u>A04</u> • However, if <i>CCT</i> strongly believe that taking out a loan will help them to expand then it might be worth taking the risk as the additional revenue can be used to cover the higher interest rates. • However, an increase in interest rates in China may not impact the foreign tourists that visit the country, and therefore this increase in rates may have little impact on the demand for <i>CCT</i>'s bicycle tours	(12)

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)

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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