



Mark Scheme (Results)

Summer 2025

Pearson Edexcel International GCSE

In Business (4BS1) Paper 01

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.

Question Number	Which one of the following is a debt payable within 12 months?	Mark
1 (a) (i)	Answer	
	A01 - 1 mark The only correct answer is B – Current liability A – Current asset - this is not correct because it is something a business owns that can be converted to cash within 12 months C – Non-current asset - this is not correct because it is something owned by a business for longer than 12 months D – Non-current liability - this is not correct because it is a debt to be paid back longer than 12 months	

(1)

Question Number	Which one of the following is a pricing strategy where a business sets an initial high price for a product new to the market?	Mark
1 (a) (ii)	Answer	
	A01 - 1 mark The only correct answer is A – Skimming B – Competition - this is not correct because it is when a business considers its competitors price before setting theirs C – Penetration - this is not correct because it is when a business charges a low price to begin with before setting its own price D – Cost plus - this is not correct because it is adding a percentage to the cost of making the product	

(1)

Question Number	Which one of the following is a role of the human resources department?	Mark
	Answer	
1 (a) (iii)	A01 - 1 mark The only correct answer is D – Recruiting employees A – Reducing costs - this is not correct because it is the role of finance B – Designing products- this is not correct because it is the role of production C – Customer Service - this is not correct because it is the role of marketing	(1)

Question Number	Which one of the following is a benefit to a shareholder of having limited liability?	Mark
	Answer	
1 (a) (iv)	A01 - 1 mark The only correct answer is C – Own possessions are not at risk A – Choosing who buys shares - this is not correct because this is a benefit of owning a private limited company B – May build a better relationship with suppliers - this is not correct because it is a benefit of loyalty to a supplier D – Employee motivation will increase - this is not correct because it is a benefit of a good relationship with employees	(1)

Question Number	Which one of the following is the break-even level of output?	Mark
	Answer	
1 (a) (v)	A02 - 1 mark The only correct answer is B - 350 A – 280 - this is not correct because it is the fixed costs C – 420 - this is not correct because it is the fixed costs multiplied by revenue D – 616 - this is not correct because it is the revenue added to variable cost per unit then multiplied by fixed costs	(1)

Question Number	Which one of the following statements from Figure 2 correctly applies to the gym equipment business?	Mark
	Answer	
1 (a) (vi)	A02 - 1 mark The only correct answer is C – it made a profit of €43 765 A – It made a loss of €88 400 - this is not correct because it is the total costs B – It made a loss of €61 165 - this is not correct because it is (€54 000 + €17 000) – €132 165 D – It made a profit of €78 165 - this is not correct because it is €132 165 - €54 000	(1)

Question Number	Define the term trade bloc .	Mark
	Answer	
1 (b)	A01 - 1 mark Award 1 mark for a correct definition of trade bloc . A group of countries that work together to benefit from trade free of barriers (1)	(1)

Question Number	Define the term job production .	Mark
	Answer	
1 (c)	A01 - 1 mark Award 1 mark for a correct definition of job production. The one-off production of a customised product to meet a customers' specific needs (1)	(1)

Question Number	State one reason why <i>Four Fitness</i> would pay its employees more than the minimum wage.	Mark
	Answer	
1 (d)	A02 - 1 mark Award 1 mark for a reason <i>Four Fitness</i> would pay its employees higher than minimum wage. Its gym instructors are highly qualified and skilled (1) NB Do not accept a reason that is not in the context of <i>Four Fitness</i>. Accept any other appropriate response.	(1)

Question Number	Calculate the total price if five <i>Four Fitness</i> members attend the event. You are advised to show your working.	Additional guidance	Mark
	Answer		
1 (e)	A02 - 2 marks $175 - 12.25 = 162.75$ (2) $35 \times 5 = 175$ (1) $175 \times 0.07 = 12.25$ (1)	Award full marks for correct numerical answer without working. Award 1 mark for correctly substituting numbers into formula.	(2)

Question Number	Explain one impact to a business of providing fringe benefits to employees.	Mark
	Answer	
1 (f)	A01 - 3 marks Award 1 mark for an impact to a business of providing fringe benefits to employees, plus 2 further marks for explaining the impact, for a maximum of 3 marks. Lower staff turnover (1) which reduces recruitment costs (1) as they will not need to find new employees (1) NB Answers that list three impacts with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Analyse the effectiveness of the wide span of control used by Gianni Polvani.	Mark
	Indicative content	
1 (g)	A02 = 3 marks A03 = 3 marks <u>A02</u> - Gianni will be able to empower his employees directly within the gym as there are no layers between him and them 14 employees may be too many for Gianni to manage himself especially as he has two gyms to run <u>A03</u> - Employees will be more motivated as decisions will be made quicker and this will encourage them to take ownership of their own work resulting in them bringing in new ideas to the gym - He may not be able to spread his time evenly between all the workers which could lead to lower productivity levels because of this reduced supervision	(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 factor <i>Four Fitness</i> may consider when choosing a location for its new gym. Answer	Mark
2 (a)	A02 - 1 mark Award 1 mark for a valid factor <i>Four Fitness</i> may consider that could influence the location of a new gym The proximity to suitably qualified gym instructors who will want to work at the gym (1) NB Do not accept a factor that is not in the context of <i>Four Fitness</i>. Accept any other appropriate response.	(1)

Question Number	State one reason why branding is important to <i>Four Fitness</i> . Answer	Mark
2 (b)	A02 - 1 mark Award 1 mark for a valid reason why branding is important to <i>Four Fitness</i>. It makes the highly experienced gym instructors stand out against its competitors (1) NB Do not accept a reason that is not in the context of <i>Four Fitness</i>. Accept any other appropriate response.	(1)

Question Number	Explain one advantage to a business of using total quality management. Answer	Mark
2 (c)	A01 - 3 marks Award 1 mark for identification of an advantage to a business of using total quality management, plus 2 further marks for explaining this advantage, for a maximum of 3 marks. Increased customer satisfaction (1) as managing quality is the responsibility of all employees (1) so they will be fully trained to complete their role effectively and consistently (1) NB Answers that list three advantages with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Explain one problem a business might face as a result of ineffective communication. Answer	Mark
2 (d)	A01 - 3 marks Award 1 mark for a problem a business might face as a result of ineffective communication, plus 2 further marks for explaining this problem, for a maximum of 3 marks. Employees may become demotivated as they do not understand what they have to do (1) leading to lower levels of productivity (1) and increased costs for the business (1) NB Answers that list three problems with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Explain one disadvantage to a small business of borrowing money from a bank. Answer	Mark
2 (e)	A01 - 3 marks Award 1 mark for a disadvantage to a small business of borrowing money from a bank, plus 2 further marks for explaining that disadvantage, for a maximum of 3 marks. Borrowing from a bank means the business has to pay back the loan with interest (1) which will increase its costs (1) leading to a reduction in profit (1) NB Answers that list three disadvantages with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	<i>Four Fitness</i> is looking to introduce a new service to increase its market share. It is considering two options. Option 1: as part of its monthly subscription price, members are given a 'Technogym Electronic Key' which is inserted into the gym equipment. The key will track and store their progress. An instructor helps them to analyse their progress. Option 2: introduce links to online fitness classes on its website which can be accessed from home. Customers will be charged for each fitness class downloaded. Indicative content	Mark
2 (f)	A02 = 3 marks A03 = 3 marks A04 = 3 marks A02 • Option 1 – This can create a USP for the gym making it stand out from its competitors • Option 2 – This will add an extra element to its website as it is currently for information only A03 • Option 1 – This can draw new customers in as they will also have access to specialist face to face advice from the instructor as part of the membership package • Option 2 – This may draw customers in from further away as they will not have to be on site to access the videos and if they feel it is worth it they are more likely to pay for more videos leading to an increase in market share A04 • Option 1 – However, if customers do not want access to this service as part of their membership they may feel they are being overcharged and the gym could be at risk of losing customers to its competitors therefore decreasing its market share • Option 2 – However, advertising costs will increase to widely draw in customers in as some may not want to pay for the videos if they can access free alternatives on the internet	(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 economies of scale.	Mark
	Answer	
3 (a)	A01 - 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	Outline one way quantitative research data might help <i>Four Fitness</i> to improve its marketing mix.	Mark
	Answer	
3 (b)	A02 - 2 marks Award up to 2 marks for linked points outlining a way quantitative research data might help <i>Four Fitness</i> improve its marketing mix Award a maximum of 1 mark if points are not linked. An online survey can gather data on how much people are willing to pay for gym membership (1) which could lead to a reduction in price to entice new members (1) NB To award 2 marks there must be linked points <u>and</u> evidence of application Accept any other appropriate response.	(2)

Question Number	Calculate the net cash flow balance. You are advised to show your working.	Additional guidance	Mark
	Answer		
3 (c)	A02 - 2 marks 11 400 (2) 60 000 – 48 600 (1)	Award full marks for correct numerical answer without working. Award 1 mark for correctly substituting numbers into formula.	(2)

Question Number	Analyse the benefits to <i>Four Fitness</i> of recruiting externally.	Mark
	Indicative content	
3 (d)	A02 = 3 marks A03 = 3 marks <u>A02</u> - It may be useful as it could give a wider field of experienced Marketing Managers who can market the gyms within Italy - It may not be useful as it can be expensive as Gianni will have to advertise, shortlist and interview candidates and it will take him away from his work with the other two gyms <u>A03</u> - This could lead to new ideas giving <i>Four Fitness</i> a competitive edge and improving the performance of the business by someone who specialises in marketing - This could lead to the current employees feeling overlooked for the role leaving them demotivated and risking them looking somewhere else to work	(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	Gianni Polvani operates <i>Four Fitness</i> as a sole trader. He is considering a change to the ownership of the business and is looking at two options: Option 1: a partnership with three of his employees Option 2: a private limited company. Justify which one of these two options Gianni should choose. Indicative content	Mark
3 (e)	A02 = 3 marks A03 = 3 marks A04 = 3 marks A02 • Option 1 – He will have like-minded health professionals to share the decision making who already work for <i>Four Fitness</i> • Option 2 – Gianni will now have limited liability as will his new shareholders of the gyms A03 • Option 1 – This means they already have knowledge of what works and what does not so can make better decisions for the business • Option 2 – This means he could take more risks with the business than if he had unlimited liability as a sole trader A04 • Option 1 – However, the decision making maybe wrong because the employees do not have sufficient business experience • Option 2 – However, he will have to find people interested in the business who want to become shareholders when setting up a private limited company and this might be difficult as it is a small business	(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, to two decimal places, the gross profit margin.	Additional guidance	Mark
	Answer		
4 (a)	A02 - 2 marks 67.48 (2) 113 362/168 000 x 100 (1)	Award full marks for correct numerical answer without working Award 1 mark for correctly substituting numbers into formula.	(2)

Question Number	Analyse why <i>Four Fitness</i> complies with health and safety laws.	Mark
	Indicative content	
4 (b)	A02 – 3 marks A03 – 3 marks <u>A02</u> - It can regularly inspect the gym equipment to make sure it is safe to use and the safety signs on the treadmills are clear to see - Gianni could train all of his gym instructors in relevant health and safety procedures <u>A03</u> - This will prevent any customers getting injured and making complaints against <i>Four Fitness</i> risking a loss in customer numbers - This helps employees to be more confident in an emergency and understand how to give first aid properly if someone is injured without causing further damage	(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 how <i>Four Fitness</i> may respond to the changes in the market. 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> • Changes in customer needs • Changes in consumer spending patterns <u>A02</u> • Gianni needs to make sure the gym equipment and the knowledge of the instructors are up to date so the new needs of customers are met • As more people use the internet to view fitness videos there is now more choice of paying to go to the gym or working out from home at a lower cost <u>A03</u> • With a growing industry this could draw in health conscious individuals to <i>Four Fitness</i> over the other gyms in the area • This could be a threat to <i>Four Fitness</i> that it would have to address in order to keep its customers by introducing its online videos charging a small amount to encourage customer to watch them and offer an additional service from one of their qualified instructors <u>A04</u> • However, there are a lot of fast paced changes in customer needs and as <i>Four Fitness</i> is only a small business, it may not have the funds to keep up with all of the changes • However, bigger gyms offering more services at a more reasonable price may outcompete <i>Four Fitness</i> as they may offer more choice	(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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