



Mark Scheme (Results)

Summer 2024

Pearson Edexcel International GCSE
In Business (4BS1) Paper 01R
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.
- Mark schemes will indicate within the table where, and which strands of QWC, are being assessed. The strands are as follows:
 - i) ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear*
 - ii) select and use a form and style of writing appropriate to purpose and to complex subject matter*
 - iii) organise information clearly and coherently, using specialist vocabulary when appropriate.*

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

Question Number	Which one of the following is a result of average costs rising in a large business? Answer	Mark
1 (a) (ii)	AO1 - 1 mark The only correct answer is B – diseconomies of scale A is not the correct answer as economies of scale are as a result of average costs falling due to an increase in size C is not the correct answer as purchasing economies are when large businesses can buy resources at a cheaper rate D is not the correct answer as financial economies are when large businesses can borrow money at a cheaper rate	(1)

Question Number	Which one of the following is the money left after all costs have been subtracted from revenue? Answer	Mark
1 (a) (iii)	AO1 - 1 mark The only correct answer is D - Profit A is not the correct answer as gross profit is the profit after the cost of producing the product B is not the correct answer as inflows are payments into a business C is not the correct answer as a loss will come when there is a minus figure after costs have been subtracted from revenue	(1)

Question Number	Which one of the following is a debt payable after 12 months? Answer	Mark
1 (a) (iv)	AO1 - 1 mark The only correct answer is A – non-current liability B is not the correct answer as a current liability is a debt that is payable within 12 months C is not the correct answer as a non-current asset is one that lasts for more than one year D is not the correct answer as a current asset is likely to be turned into cash within a year	(1)

Question Number	Which one of the following is the markup for the mozzarella cheese and avocado Ciabatta? Answer	Mark
1 (a) (v)	AO2 - 1 mark The only correct answer is C – 107% A is not the correct answer as 48% is $2.56/5.30 \times 100$ B is not the correct answer as 93% is $2.56/2.74 \times 100$ D is not the correct answer as 207% is $5.30/2.56 \times 100$	(1)

Question Number	Which one of the following would <i>Café Pinch</i> pay in euros if it bought 50 kilos of potatoes? Answer	Mark
1 (a) (vi)	AO2 - 1 mark The only correct answer is B - €48.81 A is not the correct answer as €59.52 is $50\text{kg} / £0.84$ C is not the correct answer as €42.00 is $50\text{kg} \times £0.84$ D is not the correct answer as €41.00 is $50\text{kg} \times £0.82$	(1)

Question Number	Define the term variable cost Answer	Mark
1 (b)	AO1 - 1 mark Award 1 mark for a correct definition of variable cost . A cost that changes directly with output (1)	(1)

Question Number	Define the term niche marketing . Answer	Mark
1 (c)	A01 - 1 mark Award 1 mark for a correct definition of niche marketing . Targeting a smaller segment of a market (1)	(1)

Question Number	State one way <i>Café Pinch</i> can react to external social factors affecting its business. Answer	Mark
1 (d)	A02 - 1 mark Award 1 mark for a way <i>Café Pinch</i> can react to the social factors affecting its business in the context of the business. They can change their menu to suit people becoming more health conscious (1) NB Do not accept a way that is not in the context of <i>Café Pinch</i> . Accept any other appropriate response.	(1)

Question Number	Calculate what a customer would pay for these three items after the discount is applied. Answer	Additional guidance	Mark
1 (e)	A02 - 2 marks $14.00 \times 0.05 = 0.70$ (1) $14.00 - 0.70 = 13.30$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)

Question Number	Explain one advantage to a start-up business of using a venture capitalist. Answer	Mark
1 (f)	A01 - 3 marks Award 1 mark for identification of an advantage of using a venture capitalist, plus 2 further marks for explaining the advantage, for a maximum of 3 marks. • Venture capitalists can be specialists (1) who may bring skills and new ideas to the business (1) giving it a greater chance of success (1) NB Answers that list three advantages with no explanation will get 1 mark only. Accept any other appropriate response.	(3)

Question Number	Analyse the importance to Kumaran, the owner of <i>Café Pinch</i> , of having motivated employees. Indicative content	Mark
1 (g)	A02 = 3 marks A03 = 3 marks A02 • If waiters serving customers are motivated, they will provide a good service when serving food and drink • If the chefs are motivated, they can come up with new dishes to enhance the menu A03 • If the employees/waiters remain motivated, they will continue to want to meet the needs of customers encouraging those customers to keep coming back to the business • This could lead to staff retention and lower recruitment costs	(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 reason why <i>Café Pinch</i> might set business objectives. Answer	Mark
2 (a)	A02 - 1 mark Award 1 mark for a valid reason why <i>Café Pinch</i> might set business objectives in the context of the business It will give Kumaran the motivation to make his business a success as he tries to meet the business objectives he set (1) NB Do not accept a reason that is not in the context of <i>Café Pinch</i>. Accept any other appropriate response	(1)

Question Number	State one way <i>Café Pinch</i> could use the Boston matrix to review its product portfolio. Answer	Mark
2 (b)	A02 - 1 mark Award 1 mark for a valid way <i>Café Pinch</i> could use the Boston matrix to review its product portfolio in the context of the business <i>Cafe Pinch</i> could identify which of its Ciabattas are dog products and take them off the menu (1) NB Do not accept a way that is not in the context of <i>Café Pinch</i>. Accept any other appropriate response	(1)

Question Number	Explain one responsibility of the human resources function. Answer	Mark
2 (c)	A01 - 3 marks Award 1 mark for identification of a responsibility of the human resources function, plus 2 further marks for explaining this responsibility for a business, for a maximum of 3 marks Recruitment and selection of employees (1) that includes placing job adverts/interviewing/appointing candidates (1) leading to the most suitable applicant going through (1) NB Answers that list three responsibilities with no explanation will get 1 mark only Accept any other appropriate response.	(3)

Question Number	Explain one advantage of being in a partnership. Answer	Mark
2 (d)	A01 - 3 marks Award 1 mark for identification of an advantage of being in a partnership, plus 2 further marks for explaining this advantage, for a maximum of 3 marks. Each partner can bring their own experience and expertise (1) specialising in their own area of skill (1) thus increasing the chances of its success (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 disadvantage to a business of having a hierarchical organisational structure. Answer	Mark
2 (e)	A01 - 3 marks Award 1 mark for the identification of a disadvantage of having a hierarchical organisational structure, plus 2 further marks for explaining that disadvantage, for a maximum of 3 marks. • Communication through many layers can be difficult (1) there is a long chain of command (1) possibly leading to slow decision making (1) NB Answers that list three disadvantages with no explanation will get 1 mark only Accept any other appropriate response.	(3)

Question Number	<i>Café Pinch</i> is considering two options: Option 1: introduce a vegan range of products Option 2: a special offer of 7.5% off to customers on Wednesday mornings 9am – 12pm Justify which one of these two options <i>Café Pinch</i> should choose Indicative content	Mark
2 (f)	A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A02</u> • Option 1 – Introducing a vegan range addresses a new market for the café • Option 2 – Giving a 7.5% discount can draw more customers into the cafe at a time when it might not be busy <u>A03</u> • Option 1 – This new range of products could lead to an increase in sales with limited upfront costs if it adapts the current menu to make it vegan friendly • Option 2 – As this 7.5% discount is only for one morning, it may draw more customers to them at that time instead of their competitors as long as the offer is promoted well <u>A04</u> • Option 1 – However, whilst this might draw in more customers <i>Café Pinch</i> needs to ensure it spends some time researching the products its customers want as well as what the competitors nearby are selling • Option 2 – However, despite this leading to a potential increase in competitiveness as <i>Café Pinch</i> is only small, they may not be able to cope with the increased demand at this time and it could lead to a decrease in competitiveness as customers may go elsewhere	(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 secondary sector . Answer	Mark
3 (a)	A01 - 1 mark Award 1 mark for a correct definition of secondary sector . The sector that turns raw materials into finished goods (1)	(1)

Question Number	Outline one way <i>Café Pinch</i> could use social media to promote its business. Answer	Mark
3 (b)	A02 - 2 marks Award 1 mark for identifying a way <i>Café Pinch</i> could use social media to promote its business, plus 1 mark for linking it to the context of the business If colour photographs of menu dishes were posted online (1) this could entice new customers (1) NB Do not accept a way that is not in the context of <i>Café Pinch</i> Accept any other appropriate response	(2)

Question Number	Calculate, to two decimal places, the operating profit margin. Answer	Additional guidance	Mark
3 (c)	A02 - 2 marks $66\,842 - 5\,782 = 61\,060$ (1) $61\,060 / 103\,825 \times 100$ $= 58.81$ (1)	Award 1 mark for correctly substituting numbers into formula Award full marks for correct numerical answer without working	(2)

Question Number	Analyse two factors <i>Café Pinch</i> might consider when measuring its success. Indicative content	Mark
3 (d)	AO2 = 3 marks AO3 = 3 marks <u>AO2</u> - As the owner of <i>Café Pinch</i>, Kumaran can check the business objectives he has set for the business - Comparing the annual financial details of the café, such as profit from 2018 through to the present time <u>AO3</u> - The owner used his experience gained in other good restaurants to set up his own business so if it is running in the way he saw it running then this can be considered a success - If the profit has increased year-on-year this shows success of the business as there is a demand for the products it sells leading to loyal customers	(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	<i>Café Pinch</i> is considering two options: Option 1: updating the noticeboard in the staffroom daily with information such as sales targets and staff rotas Option 2: weekly staff meetings. Justify which one of these two options <i>Café Pinch</i> should choose. Indicative content	Mark
3 (e)	A02 = 3 marks A03 = 3 marks A04 = 3 marks <u>A02</u> • Option 1 – Using a noticeboard keeps chefs and waiters updated about the café with the most up to date information about sales or meals achieved • Option 2 – Having a weekly staff meeting allows the chefs and waiters to ask questions on any updates of the cafe <u>A03</u> • Option 1 – It can lead to an improved relationship between the owner and his employees as they will have the most up to date information making them feel valued and part of a team • Option 2 – It can lead to improved communication as Kumaran can respond to queries straight away and clear up any misconceptions <u>A04</u> • Option 1 – However, unless all of the employees read the notices every day or if Kumaran forgot to update the notices daily then communication may not improve and any positive feelings of employees could be lost • Option 2 – However, as all staff will be involved in the meetings they are likely to take place out of hours and some staff may not want to attend therefore miss out on important information	(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 return on capital employed. Answer	Additional guidance	Mark
4 (a)	A02 - 2 marks $84\,054 / 266\,058 \times 100$ (1) $= 31.59$ (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)

Question Number	Analyse how <i>Café Pinch</i> could use market segmentation to target its customers. Indicative content	Mark
4 (b)	AO2 – 3 marks AO3 – 3 marks AO2 • <i>Café Pinch</i> can look at the spend of the customers who take away its food and drink items • <i>Café Pinch</i> may want to target customers that work in Berlin or tourists who visit the city AO3 • This can help it see if they have a wide enough price range to cater for various spends of people or if they are preventing people visiting the business because it is either too expensive or too cheap • They could use this information to reward loyal customers who work in the area while providing an authentic German café experience for tourists passing by	(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 importance of using methods of market research for <i>Café Pinch</i> to meet customer needs. 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 <u>AO1</u> • <i>Café Pinch</i> can use primary market research such as questionnaires • <i>Café Pinch</i> can use secondary market research such as the internet <u>AO2</u> • It will be able to speak directly to customers who come for breakfast, lunch and drinks • It will be able to search for specific menu information that other cafes in the area are offering <u>AO3</u> • Customers completing questionnaires will give <i>Café Pinch</i> feedback on the menu giving them ideas and how they can improve and further meet the needs of their customers • The internet has a vast amount of information on it so they could even find information about suppliers and source one more local and cheaper <u>AO4</u> • However, without conducting secondary research as well as primary <i>Café Pinch</i> will not have wider research such as the local competitors and their business activity • However, there might be too much information and this could make decision making harder and possibly less accurate	(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)

