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Mark Scheme (Results)

Summer 2019

Pearson Edexcel International
GCSE Business 4BS1

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.
- 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	Answer	Mark
1 (a) (i)	AO1 - 1 mark B - Overdraft	(1)

Question Number	Answer	Mark
1 (a)(ii)	AO1 - 1 mark C - Maturity	(1)

Question Number	Answer	Mark
1 (a) (iii)	AO2 - 1 mark D - Rent for <i>Lavender's</i> businesses	(1)

Question Number	Answer	Mark
1 (a)(iv)	AO1 - 1 mark A- Health and safety	(1)

Question Number	Answer	Mark
1 (a) (v)	AO2 - 1 mark C - 11 250	(1)

Question Number	Answer	Mark
1 (a)(vi)	AO2 - 1 mark D - 8 514.00	(1)

Question Number	Answer	Mark
1 (b)	AO1 - 1 mark Award 1 mark for a correct definition of short-term finance. Money borrowed that must be paid back within 12 months (1) .	(1)

Question Number	Answer	Mark
1 (c)	<p>AO1 - 1 mark</p> <p>Award 1 mark for a correct definition of above the line promotion.</p> <p>The use of mass media methods to promote to a large audience (1).</p>	(1)

Question Number	Answer	Mark
1 (d)	<p>AO2 - 1 mark</p> <p>Award 1 mark for a correct reason why <i>Lavender</i> would recruit internally in the context of the business.</p> <ul style="list-style-type: none"> • Employees will know how the different outlets operate such as <i>L.cafe</i> (1). • Employee will already have knowledge of the cakes made by the business (1). <p>Accept any other appropriate response.</p>	(1)

Question Number	Answer	Additional guidance	Mark
1 (e)	<p>AO2 - 2 marks</p> <p>25 x 12 = 300 15/100 x 300 = 45 300 - 45 (1). = 255 (1).</p>	<p>Award 1 mark for correctly substituting numbers into formula.</p> <p>Award full marks for correct numerical answer without working.</p>	(2)

Question Number	Answer	Mark
1 (f)	<p>AO1 - 3 marks</p> <p>Award 1 mark for identification of an advantage, plus 2 further marks for explaining how this advantage will affect the business for a maximum of 3 marks.</p> <ul style="list-style-type: none"> • The franchisee invests in a tried and tested business (1) and gets advice and training from the franchisor (1) this reduces the risk of failure (1). <p>Answers that list more than one advantage with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question Number	Indicative content	Mark
1 (g)	<p style="text-align: center;">A02 = 3 marks A03 = 3 marks</p> <p>A02</p> <ul style="list-style-type: none"> Satisfied customers are more likely to repeat purchase of cakes from <i>Lavender</i> bakery. <i>Lavender</i> is expanding into different types of food outlets such as <i>L.bistro</i>, <i>L.cafe</i> and <i>L.table</i>. <p>A03</p> <ul style="list-style-type: none"> This leads to an increase in sales and customer loyalty so <i>Lavender</i> could end up spending less on promoting their products as satisfied customers will recommend other <i>Lavender</i> businesses to their friends and family through word of mouth. Customer satisfaction in one outlet may lead to customers trying other outlets leading to improved revenues. 	(6)

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. (AO3)
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. (AO3)
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. (AO3)

Question Number	Answer	Mark
2 (a)	<p>AO2 - 1 mark</p> <p>Award 1 mark for any valid method of motivation in the context of the business.</p> <ul style="list-style-type: none"> • Job rotation between L.cafe, L.bistro and L.table (1). • Job enrichment to give more complex tasks other than just serving customers (1). <p>Accept any other appropriate response.</p>	(1)

Question Number	Answer	Mark
2 (b)	<p>AO2 - 1 mark</p> <p>Award 1 mark for any valid responsibility of the finance function in the context of the business.</p> <p>Calculate and pay the wages/salaries of the staff in <i>L.table</i> (1).</p> <p>Pay suppliers of baking ingredients on time (1).</p> <p>Accept any other appropriate response.</p>	(1)

Question Number	Answer	Mark
2 (c)	<p>AO1 - 3 marks</p> <p>Award 1 mark for identification of a way a business can use penetration pricing, plus 2 further marks for explaining this way, for a maximum of 3 marks.</p> <ul style="list-style-type: none"> • A business can offer a low price for a new product (1). This will entice customers to try the new product in its introduction stage (1) and stop them from buying from the competitors (1). <p>Answers that list three ways with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question Number	Answer	Mark
2 (d)	<p>AO1 - 3 marks</p> <p>Award 1 mark for identification of a reason why a business would have a short span of control, plus 2 further marks for explaining this reason, for a maximum of 3 marks.</p> <ul style="list-style-type: none"> • This will allow the business to have better communication with its employees (1) as messages have less levels to go through (1) leading to a more productive workforce (1). <p>Answers that list three reasons with no explanation will get a maximum of 1 mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question Number	Answer	Mark
2 (e)	<p>AO1 - 3 marks</p> <p>Award 1 mark for identification of a reason why diseconomies of scale may occur, plus 2 further marks for explaining this reason, for a maximum of 3 marks.</p> <ul style="list-style-type: none"> • The business gets too big (1) employees can become demotivated (1), which could result in falling productivity levels (1). <p>Answers that list more than one reason with no explanation will get a maximum of one mark.</p> <p>Accept any other appropriate response.</p>	(3)

Question Number	Indicative content	Mark
2 (f)	<p style="text-align: center;">AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks</p> <p>AO2</p> <ul style="list-style-type: none"> • Option 1 – Each outlet could match the needs of the local customers. • Option 2 – <i>Lavender</i> could use Flow Production to make all its cakes the same for all outlets. <p>AO3</p> <ul style="list-style-type: none"> • Options 1 – The needs of the customers from that area will be met and sales will increase. • Option 2 – <i>Lavender</i> could produce more cakes in less time, thus ensuring supplies to all its outlets. <p>AO4</p> <ul style="list-style-type: none"> • Option 1 – However, there will not be consistencies across all outlets and that will make the movement of employees difficult. • Option 2 – However, flow production is very difficult to change and cannot take in to account regional tastes and if the cakes do not sell then there is a potential for the business to make a loss. 	(9)

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. (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	<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. (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	<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. (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	Answer	Mark
3 (a)	<p>AO1 - 1 mark</p> <p>Award 1 mark for a correct definition of current liabilities.</p> <p>The amounts owed by a business that must be paid within twelve months (1).</p>	(1)

Question Number	Answer	Mark
3 (b)	<p>AO2 - 2 marks</p> <p>Award 1 mark for identifying a reason why the revenue is higher for the Bakery shops rather than <i>L.bistro</i> and <i>L.café</i>, plus 1 further mark for linking it to the context of the question.</p> <p>Bakeries are used on a daily basis buying the same kind of products i.e. bread and cakes (1) whereas <i>L.bistro</i> and <i>L.café</i> are more for special occasions (1).</p> <p>Do not accept a reason that is not in the context of <i>Lavender</i>.</p> <p>Accept any other appropriate response.</p>	(2)

Question Number	Answer	Additional guidance	Mark
3 (c)	<p>AO2 - 2 marks</p> <p>$24/75 \times 100$ (1) $= 32\%$ (1).</p>	<p>Award 1 mark for correctly substituting numbers into formula.</p> <p>Award full marks for correct numerical answer without working.</p>	(2)

Question Number	Indicative content	Mark
3 (d)	<p style="text-align: center;">AO2 = 3 marks AO3 = 3 marks</p> <p>AO2</p> <ul style="list-style-type: none"> • <i>Lavender</i> are able to see if they have enough money to expand into other parts of Malaysia. • <i>Lavender</i> can use these figures to show investors how successful they are as a business and are capable of expanding. <p>AO3</p> <ul style="list-style-type: none"> • As <i>Lavender</i> want to expand they need to take into account other factors such as overheads and outgoings as these may be higher so the net profit figure may be low and they will not have enough to expand. • <i>Lavender</i> also need to consider other factors such as the location of competition in the areas they are looking to expand in and if they can survive as a new business entering the area or comparing the figures to last year's figures to see if they have performed better or worse. 	(6)

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. (AO3)
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. (AO3)
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. (AO3)

Question Number	Indicative content	Mark
3 (e)	<p style="text-align: center;">AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks</p> <p>A02 Option 1 – Primary market research, such as questionnaires, will allow <i>Lavender</i> to approach existing and potential customers face to face to ask their opinions of its food and menu. Option 2 – Secondary market research, such as the internet, will allow <i>Lavender</i> to gain wider sources of information about the area it wishes to expand into and see if there are other similar restaurants.</p> <p>A03 Option 1 – Therefore, giving <i>Lavender</i> detailed feedback specific to its business about its food products and from people who are within the area it is looking to expand into. Option 2 – Therefore, it is less time consuming for <i>Lavender</i> because other people have put the information together and they can find out other information such as local bakeries as opposed to just what the customers’ needs and wants are such as local competition and suppliers in the area.</p> <p>A04 Option 1 – However, they may also find that not all of the feedback gained is relevant to the menu they have or some people may not want to fill in the questionnaire so they do not gather all of the information they require. Option 2 – However, when using secondary market research methods you could spend a lot of time looking at other factors and not gaining the information you actually need about food products. Also some of the information might not be relevant to the business activity of <i>Lavender</i> or could be outdated.</p>	(9)

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. (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	<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. (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	<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. (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	Answer	Additional guidance	Mark
4 (a)	AO2 - 2 marks 120 000/90 000 (1) = 1.33 (1)	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	(2)

Question Number	Indicative content	Mark
4 (b)	<p style="text-align: center;">AO2 - 3 marks AO3 - 3 marks</p> <p>AO2</p> <ul style="list-style-type: none"> • <i>Lavender</i> will know the amount of internal finance they have available • The money does not have to be borrowed/negotiated. <p>AO3</p> <ul style="list-style-type: none"> • By using internal sources of finance <i>Lavender</i> has the money straight away in its restaurants and does not have to go through a lengthy process to get the money. • <i>Lavender</i> will not have to pay the money back so does not need to worry about any monthly repayments or interest associated with external sources of finance. 	(6)

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. (AO3)
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. (AO3)
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. (AO3)

Question Number	Indicative content	Mark
4 (c)	<p style="text-align: center;">AO1 = 3 marks AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks</p> <p>AO1</p> <ul style="list-style-type: none"> • Social media can be used to gain a wider target market. • E-newsletters can keep customers up to date with new products. <p>AO2</p> <ul style="list-style-type: none"> • <i>Lavender</i> could target a particular audience based on their likes of food to advertise directly to. • <i>Lavender</i> could get the email addresses of its customers or complete questionnaires. <p>AO3</p> <ul style="list-style-type: none"> • Therefore, using technology in promotion <i>Lavender</i> can personalise the information to the customer based on what they have searched for on the internet or what they have purchased previously from the bakery. • Therefore, they can reach out to current customers and encourage them to repeat purchase or to try out its other outlets or different recipes. <p>AO4</p> <ul style="list-style-type: none"> • However, <i>Lavender</i> would need to have employees with the necessary technological skills in order to use this as a method of promotion. Some people ignore emails or banners on websites so may not pay attention to the promotion. Also it could be difficult to reach the new customers in the new areas as they do not know who they are yet. • However, a lot of time might be spent using technology but some people may prefer traditional methods such as leaflets inside the bakery. When handing these out to customers directly you are giving more of a personalised service and you get the chance to speak to them face to face to gain feedback. 	(12)

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. (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	<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. (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	<ul style="list-style-type: none"> • 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)