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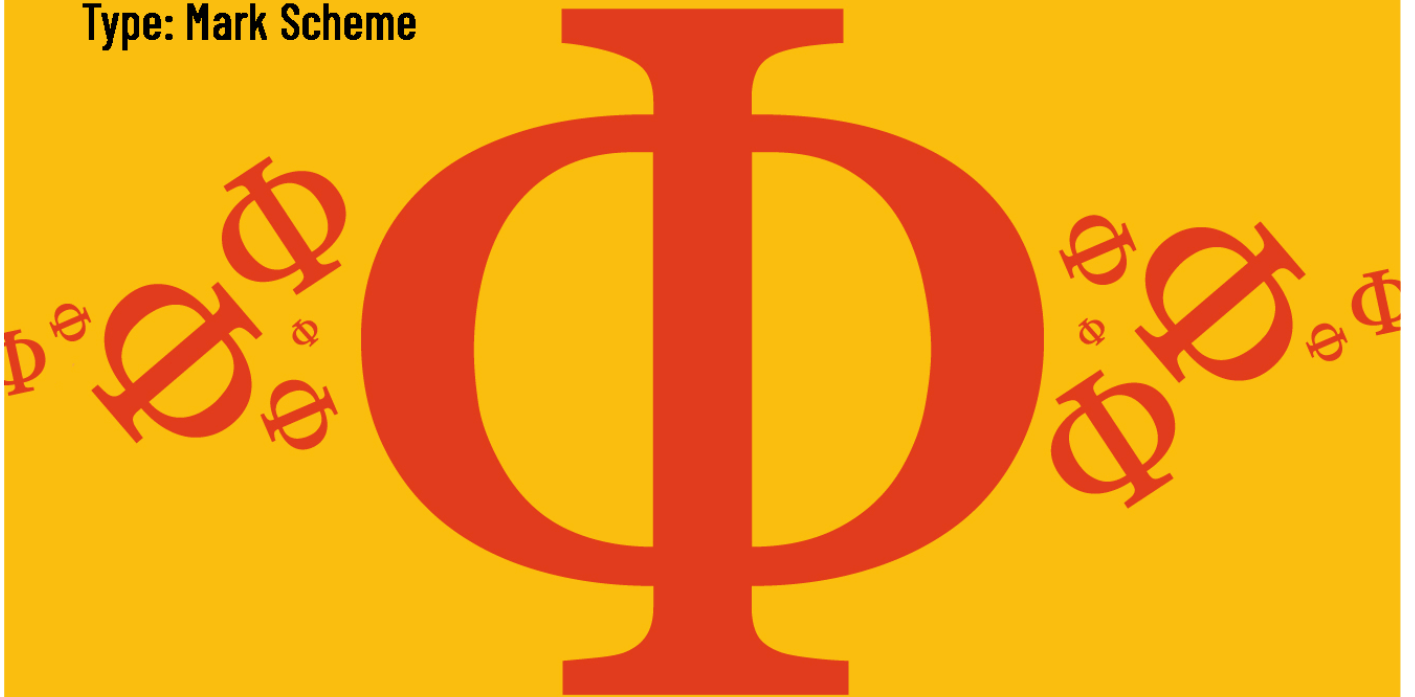
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Level: Pearson Edexcel Level 1/Level 2 GCSE (9-1) in Business (1BS0)

Subject: Business (1BS0)

Topic: GCSE Edexcel Business

Type: Mark Scheme



Business Edexcel GCSE

To be used for all exam preparation for 2025+

Business

GCSE

Key skills

Question 1

Franchises often benefit from having a well-known, established brand name [1] so the business is unlikely to need to spend large amounts on promotional activity [1] leaving more finance available to pay for other important start-up costs such as equipment [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- Support and training provided → less likely to make poor business decisions → reduces the chance of business failure
- National advertising campaigns → access to a large advertising budget → increased brand awareness

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one benefit and no explanations scores one mark

Question 2

Including financial information in a business plan allows a business to set budgets [1] that managers can oversee to ensure that costs are effectively controlled [1] and avoid overspending which could lead to cash flow problems [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- Minimises risk → financial information such as a cash flow forecast can identify potential problems → allows the business to plan in advance
- Obtain finance → figures can be reviewed by a lender → to make a judgement whether the business can repay the loan or not

Guidance

- 'Explain' requires you to make a **valid point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one reason and no explanations scores one mark

Question 3

Decisions made by one partner can affect all partners [1] so a poor business decision can affect the overall level of profit made [1] and reduce the financial rewards received by each partner [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- Disagreements between partners → difficult to make decisions → may lead to partnership breakdown
- Deed of partnership usually **needed** → increases the administration requirements of the business → increases start-up/running costs

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one disadvantage and no explanations scores one mark

Question 4

A business may make changes to the place element of the marketing mix [1] by making their product available through internet retailers or their own website [1] as a result of customers increasingly shopping online [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- Changes to the product → consumers may require extra features/functions → design may need to change to meet consumer needs
- Change of price → worsening economic conditions may lead to consumers having less money → will look to get good value for money

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one change and no explanations scores one mark

Question 5

An entrepreneur could reduce risk by forming their business as a partnership [1] which means that liability for debts is shared [1] and decisions may be better because more than one point of view is considered [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- Market research → allows the entrepreneur to understand customer needs → develop a product or service that customers are more likely to buy
- Cash-flow forecast → identify potential cash flow shortages → make plans to reduce the risk of insolvency

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one way to reduce risk and no explanations scores one mark

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Question 6

Operating as a small private limited company would reduce the personal financial risk to Last Course Patisserie's owners as they would not be legally responsible for debts incurred by the business. This may have encouraged them to make creative strategic decisions such as expanding the product range and hiring a new chef, knowing that if they weren't as successful as expected, they wouldn't have to use their personal assets to meet any consequent losses. As lenders often consider private limited companies have greater stability than sole traders or partnerships it may have been easy to access sources of finance such as loans. As First Course Patisserie would have required expensive equipment such as ovens and refrigerators and a premises in which to manufacture desserts and puddings, access to loan capital when it set up in 1986 is likely to have been crucial.

However, setting up and running as a private limited company is more complex than operating a partnership or sole trader business. Incorporation of the business and the requirement to submit financial statements to Companies House each year would incur legal and accounting costs for First Course Patisserie, adding to its overall fixed costs. This would raise the break even level of output and reduce profit levels, leaving less retained profit available to fund the much-needed relocation.

Examiner tips

- This is a model answer which would be awarded 6 marks because it contains all the parts outlined below
- Appropriate **business terminology** is used throughout with two distinct and valid points made showing accurate **knowledge, application and understanding**
- Both points have been fully developed with **logical** and **applied chains of analysis** that are focused on the question
- This response effectively **links** different parts of the Business Studies specification such as marketing (introducing a new product range) and finance (sources of finance)

Alternative ways to answer

- Can sell shares → raise finance to purchase new machinery → increase the production of the desserts on the new menu
- Shareholders disagreements → slows down decision-making → may delay strategic decisions such as moving to a new premises

Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge**, **application** and **analysis**
- At least **two valid impacts** must be analysed to gain 5-6 marks
- The response must be focused throughout on *Last Course Patisserie's* specific circumstances
- When asked to '**analyse the impact**' consider one positive and one negative aspect

Question 7

The internet allows Sports Tours Ltd to target its tours at sports teams across the UK as customers use its website to select and book its services, with telephone support services. A single high-profile location on a high street, for example, is therefore of little use to the business and it can choose a location where rents are low to house the staff and IT equipment, minimising fixed costs. This location would require a stable internet connection and may need space to house key administrative and management staff, but Sports Tours Ltd would be likely to have a wide range of options to meet its needs.

As an online service-focused business Sports Tours Ltd will need a location where it can source workers with appropriate skills. IT specialists may be required to ensure that the website is operational at all times and appropriately skilled customer service and events management staff may also be required to deal with questions from sports teams and organise tours that meet customer needs. The need for premises where all of these skills are locally available will reduce the range of suitable locations and may mean that Sports Tours Ltd has to pay a premium in rent to secure the most appropriate premises. This will increase the number of tours that need to be sold in order to break even, putting pressure on the business to increase revenue at a time when consumer income and exchange rates are affecting demand.

Examiner tips

- This is a model answer which would be awarded 6 marks because it contains all the parts outlined below
 - Appropriate **business terminology** is used throughout with two distinct and valid points made showing accurate **knowledge, application and understanding**
 - Both points have been fully developed with **logical and applied chains of analysis** that are focused on the question
- The answer is fully **focused** on Sports Tours Ltd, making several references to its specific circumstances, including its target market and relevant external factors

Alternative ways to answer

- Lower fixed costs → communications with sports teams can be done online → high profile office/retail premises not required → lower number of tours required to break even
- Core staff can work remotely → online communication and collaboration tools such as email and online planners can be used → smaller premises may be appropriate → reducing running costs such as electricity and rent

Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge, application and analysis**
- At least **two valid impacts** must be analysed to gain 5-6 marks
- The response must be focused throughout on *Sports Tours Ltd's* specific circumstances
- When asked to '**analyse the impact**' consider one positive and one negative aspect

Question 8

Franchising can be an expensive option for an entrepreneur [1] as there is an initial cost to purchase the franchise and ongoing royalty payments [1] which means that the break even point is likely to be high in comparison to non-franchise rivals [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- Little freedom to make decisions → franchisor sets strict rules for running the business → less personal satisfaction
- Restricted locations → limited to areas where no other franchise exists → may need to move area to run the business

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one drawback and no explanations scores one mark

Question 9

Availability of labour will affect a small restaurant's location decision [1] as being unable to find the right type of workers with customer service experience and interpersonal skills [1] may lead to the restaurant being unable to provide the level of customer service expected by diners and, subsequently, a poor reputation [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- Proximity to customers → convenient for diners to access without driving → develop a loyal local clientele
- Location of competitors → may choose a site within a restaurant cluster → large volume of customers

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one factor and no explanations scores one mark

Question 10

Technology - and, particularly, the growth of the internet - has provided small businesses with many new, low-cost options for promoting their goods and services. Social media channels such as Facebook and Instagram allow businesses to share, with relative ease, details of products and price promotions with targeted market segments, meaning that it remains relevant with customers who are thus more likely to remain loyal. The business can also gauge interest and engagement with their promotions which can allow them to determine the success of their marketing actions and make changes where necessary.

The growth of the internet has also meant that even the smallest retailer has had the opportunity to sell to a much larger target market. However, selling online means that their prices and delivery options can easily be compared with larger retailers. With limited financial resources to match the prices and distribution networks of more established online retailers, small businesses may struggle to stand out and, without a strong USP, would be unlikely to be in a strong position to take advantage of this opportunity.

Examiner tips

- This is a model answer which would be awarded 6 marks because it contains all the parts outlined below
- Appropriate **business terminology** is used throughout with two distinct and valid points that show accurate **knowledge and understanding**
- Both points have been fully developed with logical **chains of analysis**
- This response considers two elements of the marketing mix - **promotion** and **place** - and is **balanced**, considering both positive and negative impacts

Alternative ways to answer

- New product innovation → possible when manufacturing technology advances → first mover advantage provides a competitive advantage
- Customers can compare prices online → need to use a competitive pricing strategy → avoid losing market share

Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge** and **analysis**
- 'Discuss' questions **do not require you to apply** your answer to a specific business context
- At least **two valid impacts** must be analysed to gain 5-6 marks

Question 11

An investor such as a business angel [1] may use a business plan to assess the risk and rewards of investing [1] and help them to determine the level of investment they would be prepared to make [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- Owners → use the business plan as a working document → allows them to gauge progress against targets
- Employees → provides a focus for their job roles → understand their contribution towards business success

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one use and no explanations scores one mark

Question 12

Market research should be included in an initial business plan to reassure investors that the entrepreneur has a good understanding of the nature of the market into which the business will launch. This is likely to encourage investors that taking a financial risk will be worthwhile as potential threats have been identified and competitive actions the entrepreneur intends to take to mitigate these threats will subsequently have been identified, increasing the chance of business success.

Market research can also be the source of the initial business idea as it may have helped to identify a gap in the market. Including this research in the business plan, which is a working document, can therefore provide a clear focus for the entrepreneur's decisions and help to give the business direction as it gets up and running, even if other elements of the business plan change.



Examiner tips

- This is a model answer which would be awarded 6 marks because it contains all the parts outlined below
- Appropriate **business terminology** is used throughout with two distinct and valid points that show accurate **knowledge and understanding**
- Both points have been fully developed with logical **chains of analysis**
- The model answer provides **two distinct reasons**, both of which are developed into strong **chains of analysis**

Alternative ways to answer

- Identify customer needs and wants → develop products or services to meet these → greater chance of successful business launch
- Understand trends such as market growth → plan appropriate marketing activities → capture initial market share

Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge** and **analysis**
- 'Discuss' questions **do not require you to apply** your answer to a specific business context
- At least **two valid reasons** must be analysed to gain 5-6 marks