



## EXAM PAPERS PRACTICE

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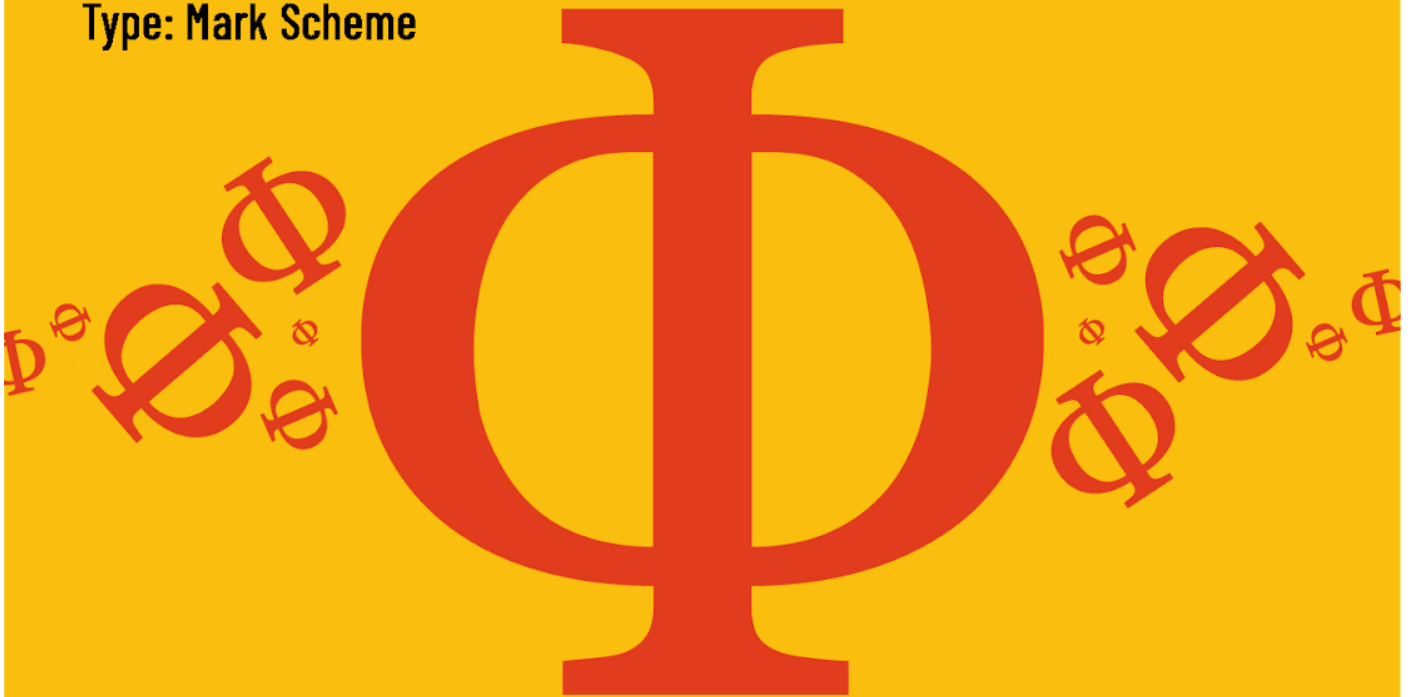
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**Level: Pearson Edexcel Level 1/Level 2 GCSE (9-1) in Business (1BS0)**

**Subject: Business (1BS0)**

**Topic: GCSE Edexcel Business**

**Type: Mark Scheme**



Business Edexcel GCSE

To be used for all exam preparation for 2025+

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# Business

# GCSE

## Key skills

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## **Mark Scheme**

### **Question 1**

*Opening a second store would provide On Your Bike with the opportunity to capture a share of the growing market. Depending on its location, having a second shop would increase brand exposure and allow it to serve a greater number of customers, leading to more of its bikes being visible on London streets as well as increased sales revenue. This would strengthen On Your Bike's reputation and provide it with the recognition and financial resources to grow the business further.*

*However, if the intention is to open a second shop in London, On Your Bike would need to be prepared to pay high rental costs for the second business unit as property prices are especially high. A large volume of bikes, repairs and rentals would need to be sold in order to cover high fixed costs and, with more competitors likely to be attracted to the growing market, it may find it difficult to compete on price. This would mean that On Your Bike would be increasingly reliant on its excellent reputation for customer service to secure sales which, for tourists visiting the capital for a short period, may be less important than the price they charge for rentals. This being the case, sales may not be as high as they would hope for.*

*Using e-commerce on the website would certainly be a cheaper option. Although the business website would need updating and redesign in order to be able to sell securely and effectively, it would be a much less significant expense than purchasing or renting a London property. On Your Bike could showcase its full range of bikes and accessories and could provide detailed technical information for customers, and make updates to the product range whenever necessary, providing customers with a convenient way to buy, even when the shop is closed or too distant to visit in person.*



Customers looking to purchase an expensive bike for themselves or for a child, or even specialised accessories, are very likely to want to see and try out the product before purchase, though. Even if On Your Bike were to provide the most detailed product descriptions on its website, it would be a poor alternative to visiting a physical store. Also, some of On Your Bike's key services cannot be carried out online - repairs, for example, must be completed in-store and rentals, though capable of being booked online, need to be collected by those hiring bikes. For this reason, whilst e-commerce may to some extent increase sales of their bikes and accessories, it can only play a small part in the delivery of services and so some areas of market growth could not be captured if this option is adopted.

Overall, although it involves considerable expense, if On Your Bike is to take full advantage of market growth, it should open a second store. It may be able to avoid high property prices by locating the second store in another area popular with cycling tourists which are becoming increasingly common as local councils look to reduce air pollution by introducing schemes that encourage cycling. E-commerce has its uses but, for a business like On Your Bike which sells a mixture of expensive, tangible products and practical services, it is unlikely to be of much use in increasing sales and may be best used to sell cheaper items such as accessories.

### Examiner tips

- This answer would be awarded **9 marks** because it contains all the parts outlined below
  - Appropriate **business terminology** is used throughout
  - Valid points are made showing accurate **knowledge and understanding**
  - Use of the business **context** to support points
  - Both points have been fully developed with logical and balanced **chains of analysis** that are focused on the question
  - A supported **judgement** is made

## Alternative ways to answer

- The market is growing so there will be enough demand for a second cycle shop
  - *On Your Bike* has enjoyed success with its first shop → it knows that its business model works → can be replicated in a second shop → if problems occur the business has experience of solving similar problems
  - Investing in a second shop involves high costs → may therefore be risky → because increased demand may be unsustainable → if financed through a loan → it will still need to repay it even if demand falls
- E-commerce will allow a wider range of customers to have access to *On Your Bike*'s range of cycles and clothing
  - Currently the shop only sells to London-based customers → e-commerce allows worldwide sales → without *On Your Bike* having to invest a huge amount of money in physical stores
  - *On Your Bike*'s customers may be reluctant to buy products using e-commerce → may prefer to try out bikes and physically inspect clothing → tourist rental business does not require e-commerce to make a purchase → simply need information that can be found on the website

## Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge, application, analysis** and **judgement**
- A 9-mark answer will include
  - Detailed application of **knowledge and understanding** to the business context throughout
  - Detailed interconnected points with logical **chains of reasoning**
  - **Evaluation** of relevant issues which leads to a **judgement** supported by clear justification
- Both **benefits** and **drawbacks** of each option must be identified and analysed to gain 7-9 marks

## Question 2

*Introducing digital payment systems would make it much easier for Loco to accept orders from customers in countries other than the UK because they usually allow for different currencies could be processed. This could help Loco to grow its European sales because customers would find purchasing its products much more convenient and would be able to understand the price of the boards much more easily. As its larger competitors are likely to already accept digital payments it would also be an important way to remain competitive.*

*Despite their extensive security features, some customers are wary of purchasing products using digital payment systems because of the possibility of fraud. Loco's boards are expensive items of equipment and customers may be unwilling to risk losing a large sum of money, despite its convenience. Loco would have to continue to provide non-digital payment methods which would mean that managing cash inflows becomes more complex and time-consuming.*

*Holding online meetings would mean that Joe Thwaites would need to spend less time traveling abroad to meet with professional paddle boarders, designers and manufacturers. As long as participants have the appropriate IT equipment to join meetings, they can be easily set up and run, and many allow documents such as digital design images and presentations to be shared on screen. This means that quite detailed discussions can take place without incurring significant travel and accommodation costs, helping Loco to keep its costs down which, in turn, may allow it to reduce its high selling prices and attract a larger volume of customers.*

*However, for Joe Thwaites, holding meetings online could remove some of the job satisfaction he enjoys. It is likely that the trips to places such as Fuerteventura are perks of the job that Joe looks forward to and, although he is passionate about board design, sitting in a UK-based office, talking about board performance, would be less fulfilling than seeing the boards in action in a beautiful location. If Joe loses enthusiasm for his work the business may start to lose direction and board design may suffer. As this is what sets Loco apart from competitors, this is a significant risk.*

Overall I recommend that Joe keeps his perk of overseas travel and develops the business further by introducing electronic payments systems. If he uses a well-known, secure platform such as PayPal or Worldpay he can put customers' minds at ease because fraudulent transactions would be very unlikely. Making Loco's European sales more convenient could be very persuasive for large numbers of paddle boarders who, until now, would have to make arrangements to pay with GBPs, making it more likely that they would purchase from a Europe-based manufacturer, even if their designs are less innovative.

### Examiner tips

- This answer would be awarded **9 marks** because it contains all the parts outlined below
  - Appropriate **business terminology** is used throughout
  - Valid points are made showing accurate **knowledge and understanding**
  - Use of the business **context** to support points
  - Both points have been fully developed with logical and balanced **chains of analysis** that are focused on the question
  - A supported **judgement** is made

### Alternative ways to answer

- Digital payment systems make it more convenient for customers to pay for SUP products from *Loco*.
  - *Loco* sells products throughout Europe → digital payment systems allows 24/7 purchases → and allows payments using different currencies → removes restrictions of traditional methods of payment → increases the number of potential customers
  - Digital payment systems require regular maintenance → so they are less vulnerable to fraud → together with installation expenses *Loco's* costs are increased → and customers may be wary of buying expensive surfing equipment → because of possible security issues
- Virtual meetings make it easier for Joe to discuss progress with those involved in SUP design



- Virtual meetings remove the geographical barrier of meeting manufacturers and team riders in the same place → new SUP designs can be developed quickly → launched sooner than those of competitors → competitive advantage
- Difficult to inspect and test SUPs via a virtual meeting → as *Loco's* brand depends upon how well the product performs → design flaws may be missed → lower customer satisfaction

## Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge, application, analysis** and **judgement**
- A 9-mark answer will include
  - Detailed application of **knowledge and understanding** to the business context throughout
  - Detailed interconnected points with logical **chains of reasoning**
  - **Evaluation** of relevant issues which leads to a **judgement** supported by clear justification
- Both **benefits** and **drawbacks** of each option must be identified and analysed to gain 7-9 marks



### Question 3

*Following all relevant employment laws would mean that Last Course Patisserie maintains a good reputation for being a responsible employer which may help with recruitment and retention of workers. Few would wish to work for a business that activity discriminates against its employees, fails to pay the legal rate of pay or meet safety regulations and so, as a business that does ensure that it meets these requirements, job vacancies Last Course Patisserie advertises could attract a healthy volume of applications, allowing it to choose the best candidate for the job who will help the business to maintain its high quality standards.*

*As well as this, in avoiding prosecution for breaching employment laws, Last Course Patisserie could avoid negative media attention which could cause customers to shop elsewhere with a more responsible competitor. Losing customers who care about ethics could have a significant impact on the businesses sales and reduce its sales revenue which could, in turn, require the business to take measure to reduce costs in order to maintain profit margins. This may affect the quality and flexibility of customer service and mean that the business is less able to compete with rivals.*

*However, adhering to every employment law may increase Last Course Patisserie's running costs. Staff may require regular training in aspects such as health and safety and line managers may require training when laws relating to discrimination and working hours change. Not only are workers removed from their production focus during periods of training, thus reducing the level of output and Last Course Patisserie's ability to meet demand, delivering training courses either internally or externally is likely to involve costs for training materials and course delivery.*

*As well as this, as a small business, Last Course Patisserie is unlikely to employ a legal specialist capable of keeping up to date with all relevant employment regulations. The business may rely upon major changes being reported in the media and may miss some of the less prominent changes that would affect their workers. As much as the business tried to follow all laws, there is always a chance that it breaks a law through ignorance, which would not mean that it avoids a fine.*



Overall, Last Course Patisserie is well-advised to follow all relevant laws, as far as it is capable. The government produces many guides on employment laws that are applicable to small business and, to some extent, professionals such as accountants would be aware of changing employment regulations and would be able to implement changes to the payroll procedures as required. This would make following the law somewhat easier for the business. Although Last Course Patisserie could save money by 'cutting corners', the risks of not adhering to laws are too high and could have a devastating impact on its excellent reputation.

### Examiner tips

- This answer would be awarded **12 marks** because it contains all the parts outlined below
  - Appropriate **business terminology** is used throughout
  - Valid points are made showing accurate **knowledge and understanding**
  - Use of the business **context** to support points
  - Both points have been fully developed with logical and balanced **chains of analysis** that are focused on the question
  - A **reasoned conclusion** is made

### Alternative ways to answer

- Complying with legislation may increase training costs
  - *Last Course Patisserie* may need to train employees to comply with health and safety law → need to train regularly to keep up with changes in the law → employees are taken away from production → and may need to pay for travel and accommodation → reduces output levels → impacts ability to meet increased demand
  - Failing to follow the law due to lack of training may be more expensive → if laws are broken the business may face prosecution → may need to pay fines → negative impact on reputation → could affect ability to recruit workers in future

- Wage legislation may increase the cost of Last Course Patisserie's wages and salaries
  - Increases in wages for apprentices, National Minimum Wage and National Living Wage → leads to employees needing to be paid more → increased fixed costs → increases the businesses break even point → further pressure to increase output levels
  - Last Course Patisserie's employees are highly skilled → likely to be earning more than the Minimum Wage → increases may have a limited impact on wage costs → can maintain net profit margin

## Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge, application, analysis** and **judgement**
- A 12-mark answer will include
  - Detailed application of **knowledge and understanding** to the business context throughout
  - Detailed interconnected points with logical **chains of reasoning**
  - **Evaluation** of relevant issues which leads to a **conclusion** supported by strong reasoning
- The importance of at **least two points** must be identified and analysed to gain 9-12 marks