



Mark Scheme (Results)

Summer 2018

Pearson Edexcel GCSE
In Business Studies (5BS01)
Paper 1

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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	Answer	Mark
1	<p>B, E</p> <p>A Rival computer games shop – is not correct because it is not a market segment.</p> <p>B Members of a computer club – is not correct because members of a computer club are a segment by interest.</p> <p>C Computer games adverts – is not correct because it is not a market segment.</p> <p>D Market research of computer games – is not correct because it is not a market segment</p> <p>E Teenagers who play computer games – is correct because it is part of a market segmented by age.</p>	(2)

Question Number	Answer	Mark
2	<p>B, E</p> <p>A The business will have unlimited liability – is not correct because a Ltd does have limited liability.</p> <p>B The risk of losing personal assets is reduced – is correct because for a Ltd the risks are lower than a sole trader due to limited liability.</p> <p>C Can keep financial records confidential – is not correct because a Ltd has to publish accounts.</p> <p>D Shareholders are liable for all debts – is not correct because shareholders are only liable for the amount they invest.</p> <p>E Increased ability to raise finance – is correct because the Ltd can sell shares to raise finance.</p>	(2)

Question Number	Answer	Mark
3	<p>A, C</p> <p>A Offer advice on rare records – is correct because giving advice on rare records enables <i>MME</i> to compete with other music shops that do not offer this service.</p> <p>B Reduce opening hours – is not correct because it reduces the opportunities for customer to buy.</p> <p>C Provide a low-priced delivery service – is correct because by offering a delivery service that is low-priced could improve sales.</p> <p>D A new competitor opens in the local area - is not correct because a new competitor would reduce the competitiveness of <i>MME</i>.</p> <p>E Advertise on national television – is not correct because national television would not be appropriate for local music shops.</p>	(2)

Question Number	Answer	Mark
4	<p>A, D</p> <p>A Decreased net cash flow – is correct because the net cash flow would be affected due to higher cash outflows.</p> <p>B Increased variable costs – is not correct because the interest rate on loans is a fixed cost.</p> <p>C Decreased fixed costs – is not correct because an increase in interest rates will increase fixed costs.</p> <p>D Increased cash outflows – is correct because higher interest rates will lead to higher cash outflows.</p> <p>E Increased profit – is incorrect because the profit will decrease.</p>	(2)

Question Number	Answer	Mark
5	<p>D, E</p> <p>Advertisement A – is not correct because it does not break any legislation.</p> <p>Advertisement B – is not correct because it does not break any legislation.</p> <p>Advertisement C – is not correct because it does not break any legislation.</p> <p>Advertisement D – is correct because it breaks the legislation relating to age.</p> <p>Advertisement E is correct because it breaks the legislation relating to sex.</p>	(2)

Question Number	Answer	Mark
6	<p>B</p> <p>A Generating wealth - is not correct because generating wealth is a financial objective.</p> <p>B Personal satisfaction – is correct because it is a non-financial objective.</p> <p>C Maximising profit – is not correct because maximisation of profit is a financial objective.</p> <p>D Regular income - is not correct because income is financial.</p>	(1)

Question Number	Answer	Mark
7	<p>B</p> <p>A Increased profit – is not correct because profit would not be greater if you delayed paying suppliers.</p> <p>B Improved cash flow – is correct because cash outflows are decreased.</p> <p>C Reduced interest payments – is not correct because interest rates do not affect delayed paying to suppliers</p> <p>D Improved relationship with suppliers – is not correct because delaying payment would have the opposite effect on suppliers.</p>	(1)

Question Number	Answer	Mark
8	<p>C, E, F</p> <p>A Employing additional marketing staff – is not correct because it is not part of the marketing mix.</p> <p>B Conducting secondary market research – is not correct because it is not part of the marketing mix.</p> <p>C Offering 'buy one get one free'– is correct because promotion is part of the marketing mix.</p> <p>D Producing a marketing budget – is not correct because it is not part of the marketing mix.</p> <p>E Selling the product online – is correct because place is part of the marketing mix.</p> <p>F Introducing new items for sale – is correct because product is part of the marketing mix.</p>	(3)

Question Number	Answer	Mark
9	<p>C, D</p> <p>A It decreases access to additional finance – is not correct because other sources of finance are available.</p> <p>B The business would not have to produce a business plan – is not correct because any provider of finance would require a business plan.</p> <p>C The business can benefit from expert advice – is correct because venture capitalists do give opportunity for additional help and support to a business.</p> <p>D It allows more access to finance – is correct because it is another source of finance for the business.</p> <p>E The business will pay a lower rate of corporation tax – this is incorrect because taxation is not determined by the source of finance.</p>	(2)

Question Number	Answer	Mark
10	<p>D</p> <p>A A franchisee can buy supplies from any supplier - is not correct because the franchisee has to buy from nominated suppliers.</p> <p>B The wage rates for all the franchises are the same - is not correct because different franchises have different wage rates.</p> <p>C Franchisees can make all their own decisions - is not correct because a franchisee cannot make all their own decisions.</p> <p>D A franchise has a lower risk of failure - is correct because a franchise means that the business is backed by a larger company and is less likely to fail.</p>	(1)

Question Number	Answer	Mark
11	<p>B</p> <p>A £2 880 - is not correct because the wrong figures have been used.</p> <p>B £3 480 - is correct because the correct figures have been used, $(240 \times 12 + 600)$.</p> <p>C £3 600 - is not correct because the wrong figures have been used.</p> <p>D £6 480 - is not correct because the wrong figures have been used.</p>	(1)

Question Number	Answer	Mark
12	<p>A, B, F</p> <p>A Buy cheaper raw materials – is correct because buying cheaper raw materials reduces cash outflow.</p> <p>B Increase the price of each item - is correct because it would increase cash inflows.</p> <p>C Increase the amount spent on advertising – is not correct because it would initially increase cash outflows.</p> <p>D Add additional products to the range sold – is not correct because it would initially increase cash outflows.</p> <p>E Employ additional sales staff – is not correct because it would initially increase cash outflows.</p> <p>F Rent cheaper premises – is correct because it reduces cash outflow.</p>	(3)

Question Number	Answer	Mark
13	<p>C, E</p> <p>A To include personal details of staff who will be employed - is not correct because a business plan would not include personal details.</p> <p>B Provides an opportunity to attract more customers - is not correct because customers will not see the business plan.</p> <p>C Reduces the chance of the business failing – is correct because a business plan gives details of cash flow that can reduce the potential of a business failing.</p> <p>D Guarantees that the business makes a profit – is not correct because a business plan can estimate profits but cannot guarantee them.</p> <p>E Helps to gain potential investors – is correct because it provides investors with the information they require.</p>	(2)

Question Number	Answer	Mark
14	<p>B</p> <p>A 11 customers are attracted by friendly staff - is not correct because 11 customers is 5.5% not 11%.</p> <p>B The quality of work is more important than value for money and opening hours - is correct because opening hours and value for money are less important than quality of work.</p> <p>C Most customers are attracted by fast and reliable service – is not correct because most customers are not attracted by fast and reliable service.</p> <p>D More than 6 customers think the least important reason is the design of the shop – is not correct because the data did not provide a rank order of importance for reasons.</p> <p>E Less than 30 customers are attracted by a fast and reliable service – is not correct because 21% of 200 is 42 customers.</p> <p>NB this question asked candidates to select two options but, regrettably, only one correct option was presented. Therefore, two marks were awarded for selecting the only available correct option.</p>	(2)

Question Number	Answer	Mark
15	<p>A, D</p> <p>A Being prepared to take risks – is correct because this is a feature of an entrepreneur.</p> <p>B The ability to raise finance – is not correct because this is not a feature of an entrepreneur.</p> <p>C Having support from your family - is not correct because this is not a feature of an entrepreneur.</p> <p>D A willingness to take initiative – is correct because this is a feature of an entrepreneur.</p> <p>E Having management qualifications - is not correct because this is not a feature of an entrepreneur.</p>	(2)

Question Number	Answer	Mark
16	<p>A</p> <p>A £1 666.67 – is correct because the correct figures been used, $(15 \times 150)/1.35$</p> <p>B £2 250.00 - is not correct because the wrong figures have been used.</p> <p>C £2 251.35 - is not correct because the wrong figures have been used.</p> <p>D £3 037.50 - is not correct because the wrong figures have been used.</p>	(1)

Question Number	Answer	Mark
17	<p>C</p> <p>A Lower profit – is not correct because variable costs in £s would decrease therefore profit increases.</p> <p>B Cash flow deteriorates – is not correct because variable costs in £s would decrease therefore cash flow would improve.</p> <p>C Able to charge lower prices – is correct because variable costs in £s are lower allowing lower prices to be charged.</p> <p>D Higher variable costs - is not correct because variable costs would be lower.</p>	(1)

Question Number	Answer					Mark
18		Jan	Feb	Mar		
		000s	000s	000s		
	Cash inflow	25	26	32		
	Cash outflow	13	30	83	(1)	
	Net cash flow	12	(4)	(51)	(1)	
	Opening bank balance	32	44	40		
	Closing bank balance	44	40	(11)	(1)	(3)

Question Number	Answer	Mark
19	<p>C, E</p> <p>A Keith has calculated that his Value Added Tax (VAT) will be £2 350 – is not correct because it is not a calculated risk.</p> <p>B His estimated costs for the second year of trading will increase by 12% – is not correct because it is not a calculated risk.</p> <p>C There is a 40% possibility that his business will survive the first year – is correct because it is a calculated risk.</p> <p>D Keith has estimated that the demand for his products will increase by 15% – is not correct because it is not a calculated risk.</p> <p>E There is a 80:20 chance of Keith's business failing – is correct because 80:20 is a calculated risk.</p>	(2)

Question Number	Answer	Mark
20	<p>(ii) H - Groups or individuals with an interest in the success of a business.</p> <p>(iii) D - Market research that has been collected by another business.</p> <p>(iv) I - The quantity of a good or service that consumers want to purchase at a given price.</p> <p>(v) G - Solving problems using a creative approach.</p> <p>(vi) C - The wants and desires of potential buyers of goods and services.</p>	(5)

Total for Paper – 40 marks