



GCE AS MARKING SCHEME

SUMMER 2025

**AS
BUSINESS - COMPONENT 1
B510U10-1**

About this marking scheme

The purpose of this marking scheme is to provide teachers, learners, and other interested parties, with an understanding of the assessment criteria used to assess this specific assessment.

This marking scheme reflects the criteria by which this assessment was marked in a live series and was finalised following detailed discussion at an examiners' conference. A team of qualified examiners were trained specifically in the application of this marking scheme. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners. It may not be possible, or appropriate, to capture every variation that a candidate may present in their responses within this marking scheme. However, during the training conference, examiners were guided in using their professional judgement to credit alternative valid responses as instructed by the document, and through reviewing exemplar responses.

Without the benefit of participation in the examiners' conference, teachers, learners and other users, may have different views on certain matters of detail or interpretation. Therefore, it is strongly recommended that this marking scheme is used alongside other guidance, such as published exemplar materials or Guidance for Teaching. This marking scheme is final and will not be changed, unless in the event that a clear error is identified, as it reflects the criteria used to assess candidate responses during the live series.

GENERAL MARKING

GUIDANCE Positive Marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

GCE AS BUSINESS - COMPONENT 1

SUMMER 2025 MARK SCHEME

1 (a)	Describe two characteristics of entrepreneurs	Total
	Award 1 mark for an identification of each characteristic (max 2 marks) Award 1 mark for a description of each characteristic (max 2 marks) AO1: 4 marks Indicative content: • Risk taker (1) giving up a job / savings to set up a business (1). • Being organised (1) to ensure the business stays relevant (1). • Hard working (1) as often more hours are worked each day compared to working for someone else (1). • Determination / perseverance (1) because new businesses have low success rates (1). Credit any other relevant suggestion.	4
1 (b)	Calculate the share price of Twitter before Elon Musk's bid. Present your answer to two decimal places. Show your workings.	Total
	Award 2 marks for the correct calculation and presentation (2 dp with \$ sign) AO2: 2 marks \$54.20 / 1.38 = \$39.28 Award 2 marks if just the correct answer given. If the answer is correct, award 1 mark only if: • There is no \$ sign. 39.28 • A £ sign is used. £39.28 • Not two decimal places or rounded incorrectly. \$39.2 \$39.3 \$39.27 • No \$ sign and not rounded correctly. 39.2 39.3 39.27	2

1 (c)	Explain two factors Twitter may have considered when locating its offices [6]		
Band	AO1	AO2	AO3
	2 marks	2 marks	2 marks
2	2 marks Two factors affecting location are identified.	2 marks Both factors are applied to Twitter.	2 marks Explanation of both factors affecting choice of location.
1	1 mark One factor affecting location is identified.	1 mark One factor is applied to Twitter.	1 mark Explanation of one factor affecting choice of location.
0	0 marks No valid knowledge	0 marks No valid application.	0 marks No valid analysis.

Indicative content:

- Location of customers (AO1). Over 200 million people use Twitter daily (AO2). Therefore, locating offices in the areas of the most users will enable the company to react quicker to any technical issues resulting in effective customer service (AO3).
- Government laws / restrictions (AO1). Twitter is banned in some countries (AO2). Therefore, they are constrained to choosing locations where they won't face any legal consequences (AO3).
- Access to workforce (AO1). Twitter will require specialist tech skilled employees (AO2). Therefore, locating offices in areas of universities would allow them to recruit workers who can carry out the day-to-day roles effectively that require less training (AO3).
- Infrastructure (AO1). Twitter is an online business (AO2). Therefore, they will need offices in areas of high-speed broadband for daily tasks to be performed (AO3).

Credit any other relevant suggestion.

1 (d)	Discuss the advantages and disadvantages to Twitter of being a public limited company (plc). [8]			
Band	AO1	AO2	AO3	AO4
	2 marks	2 marks	2 marks	2 marks
2	2 marks Demonstrates good understanding of a public limited company (plc).	2 marks Good application of the advantages and disadvantages to Twitter being a plc.	2 marks Good analysis of the advantages and disadvantages to Twitter being a plc. Analysis shows clear line of reasoning.	2 marks Good and well-balanced evaluation of the decision to become a plc. Valid judgements are made to support arguments with development on both sides. May contain a brief conclusion.
1	1 mark Demonstrates limited understanding of a public limited company (plc).	1 mark Limited application of the advantages or disadvantages to Twitter being a plc	1 mark Limited analysis of the advantages and/or disadvantages Twitter being a plc. A superficial analysis of being a plc.	1 mark Limited evaluation of the decision to become a plc. Partial, unsupported judgements made. One-sided evaluation.
0	0 marks No valid knowledge.	0 marks No valid application.	0 marks No valid analysis.	0 marks No valid evaluation.

Indicative content:

A public limited company is one where shares can be bought and sold on the stock market. Owners have limited liability.

Being a plc has benefited Twitter in several ways:

- The investment from the stock market has allowed Twitter reach over 200 million users each day around the world. Without the investment they may have not been able to expand so quickly if it was just owned by the four original entrepreneurs.
- A plc gives the owners limited liability. There are several global social media businesses in existence and therefore any investment was not without risk. Therefore, providing legal protection to owners protects any personal assets.
- Twitter would have gained economies of scale much faster. Purchasing the equipment for each office would have been cheaper per unit when expanding multiple offices at a time.
- Increased market presence and dominance. Twitter is in the top 10 biggest social media platforms in the world with over 200 million daily users. This may not have been possible

without the investment by shareholders on the stock market.

- Value. Share price jumped when Elon Musk announced he would buy the company, and share price went even higher once he bought the company. This benefits the current shareholders with a greater return on their investment which is primarily what stock market investors are looking for.

However:

- Risk of being bought out / loss of control. Elon Musk bought out 100% of the shares in October 2022.
- Share value fell after Elon Musk pulled out of the deal affecting share value for existing shareholders.
- Financial information being in the public domain. After Elon Musk pulled out of the deal, share value dropped. Therefore, giving current shareholders a lower return on their investment during the middle part of 2022. This shows that share value for shareholders was volatile during 2022.
- Divorce of ownership and control. Being a plc would have meant the original entrepreneurs would have had to have become CEOs to remain in control of the company decisions. Otherwise only in the annual AGM they would have been able to offer advice.

It depends on

- Objectives of the original owners (profit / control).
- How fast they wanted to grow.
- Overall change in the share price value. It appears that the overall value increased during 2022, albeit share prices being very volatile throughout.

Credit any other relevant suggestion.

2 (a)	Calculate the total contribution made from ticket sales last month. Show your workings.	Total
	Award 1 mark for understanding how to calculate total contribution or contribution per unit. AO1: 1 mark Contribution per unit = selling price – variable cost per unit Total contribution = Contribution per unit x number of units sold AO2: 2 marks Award 1 mark for Contribution per unit = £8 - £2.10 = £5.90 Award 1 mark for Total contribution = £5.90 x 1 350 = £7 965 Award 3 marks if just the correct answer given Award 2 marks only if there is no £ sign.	3
2 (b) (i)	Define the term price inelastic	Total
	Award 1 mark for understanding of price inelastic AO1: 1 mark Indicative content: Price inelastic is where any change in price results in a smaller change in demand. % change in demand is smaller than the % change in price Credit any other relevant suggestion.	1

2 (b) (ii)	Explain what would happen to sales of cups of squash and cans of soft drinks if customer's incomes decrease.	Total
	Award 1 mark for knowledge of a normal good Award 1 mark for knowledge of an inferior good AO1: 2 marks Indicative content: A normal good is one that has greater demand when incomes rise. An inferior good is one that has greater demand when income falls. Credit any other relevant suggestion. Award 1 mark for application to Play2day AO2: 1 mark Indicative content: Squash is £1 cheaper than cans of soft drinks to attract those with lower incomes. Credit any other relevant suggestion. Award 1 mark for a limited explanation on the impact of sales AO3: 1 mark Indicative content: Sales of squash should rise as people switch to cheaper alternatives when income falls. The impact of this is that the business may have to increase its stock of this product. The opposite would be true to cans of soft drinks. Fewer people will buy this product and switch to squash. The business should stock less of these products due to the change in income. Credit any other relevant suggestion.	4
2 (c)	Define the meaning of the term quota sampling method.	Total
	Award 1 mark for limited knowledge of a quota sample Award 2 marks for good knowledge of a quota sample AO1: 2 marks Indicative content: A quota sample is where a group of respondents are selected to take part in market research (1) The respondents are selected based on the demographic profile of the business's target market (1) Credit any other relevant suggestion.	2

2 (d) Evaluate the usefulness of market research to a business and its customers [6]		
Band	AO3	AO4
	3 marks	3 marks
3	3 marks Excellent analysis of the usefulness of market research to both a business and its customers. Analysis shows a clear line of reasoning and includes an excellent understanding of market research.	3 marks An excellent evaluation of the usefulness of market research to both a business and its customers. Both sides of the argument are evaluated. Clear judgements are made with supporting statements.
2	2 marks Good analysis of the usefulness of market research to a business and/or its customers. Analysis is uneven, with some well-developed points and some where the development is more limited.	2 marks A good evaluation of the usefulness of market research to both a business and/or its customers. The evaluation is reasonably well balanced with some development on both sides of the argument. Valid judgements are made with some supporting statements.
1	1 mark Limited analysis of the usefulness of market research to a business and/or its customers. The analysis may only list or describe the usefulness of market research.	1 mark Limited evaluation of the usefulness of market research to a business and/or its customers. The evaluation is one-sided. Judgements are superficial and unsupported.
0	0 marks No valid analysis.	0 marks No valid evaluation.

Indicative content:

Usefulness of market research to a business:

- To understand customer / changing customer preferences.
- To understand competitor behaviour.
- To identify gaps in the market.
- To test a new idea.

Usefulness of market research to customers:

- Products / services can be tailored better to meet the needs of customers.
- Customers receive a better experience once views have been actioned.

- Customers feel more valued and loyal to the business.

However:

- Primary research may be bias / inaccurate.
- Secondary research might be out of date.

It depends on:

- The sample size of primary research.
- How it is carried out and the possibility of bias.
- Data gained (quantitative versus qualitative).
- If secondary research is available / relevant.
- Budget available.

Credit any other relevant suggestion.

3 (a)	Leon and Olaf expect to clean 2 400 houses in total during the first year of trading. Using the break-even graph in Figure 2, calculate:	Total
(i)	The margin of safety during the first year of trading AO2: 1 mark Award 1 mark for correct answer $2\,400 - 2\,000 = 400$ houses (accept 400) do not accept £400.	1
(ii)	The profit for the first year of trading AO2: 1 mark Award 1 mark for correct answer $£72\,000 - £62\,000 = £10\,000$ (accept 10 000) Accept answers between £8 500 and £11 500.	1
(iii)	The average cleaning price per house. Show your workings. AO2: 2 marks Award 1 mark for correct selection of data Award 1 mark for correct answer $£90\,000 / 3\,000 = £30$ (2) This is one possible route to find the answer. Award 1 mark if there is no £ sign. Award 1 mark for correctly selecting the matching pair of revenue to number of houses cleaned (from the break even graph) if there is a mistake in the final answer.	2

3 (b)	To what extent do you agree with Olaf's view that conducting break-even analysis is an important part of the planning process for LOL Window Care? [6]			
Band	AO1	AO2	AO3	AO4
	1 mark	1 mark	2 marks	2 marks
2			2 marks Good analysis of the benefits or drawbacks of break-even analysis in the planning process. Analysis shows clear line of reasoning.	2 marks Good and well-balanced evaluation of the importance of break-even analysis when planning a new business. Valid judgements are made to support arguments with development on both sides. May contain a brief conclusion.
1	1 mark Demonstrates understanding of break even	1 mark Application of the benefits or drawbacks of break-even to Leon / Olaf	1 mark Limited analysis of the benefits or drawbacks of break-even analysis. A superficial analysis of the benefits / drawbacks of break-even analysis.	1 mark Limited evaluation of the importance of break-even analysis when planning a new business. Partial, unsupported judgements made. One-sided evaluation.
0	0 marks No valid knowledge	0 marks No valid application.	0 marks No valid analysis.	0 marks No valid evaluation.

Indicative content:

Why break-even is important:

- Helps provide evidence in support of a loan. Olaf has identified fixed costs of £50 000 which may require a loan.
- Allows entrepreneurs to use “what-if” analysis if prices and/or costs change. The margin of safety is only 400 units.
- Can judge the likelihood of making a profit once the break-even output is identified. Olaf has identified they need to clean 2 000 houses in year 1.

Problems of break-even analysis:

- Costs may not be fully accurate. E.g., Leon's view on average prices and average variable costs being inaccurate.
- It's hard to predict changes to costs in the future. Olaf has forecasted costs for the whole first year.
- Costs are linear and do not consider economies of scale.
- Hard to calculate break-even for multiple products sold using the same resources.

Although it's hard to predict the future and it may not be suitable for businesses selling multiple products, it does give a useful guideline for any new business. The importance of it depends on whether all costs can be forecasted, whether external sources of finance are required and the entrepreneurs experience.

Credit any other relevant suggestion.

3 (c)	Advise, with supporting reasons, whether Leon and Olaf should turn their plans into action and start their new window cleaning business. [4]	
Band	AO3	AO4
	2 marks	2 marks
2	2 marks Good analysis of whether Leon and Olaf should start their business The analysis is detailed. Reasoned developments. The learner develops a logical chain of reasoning.	2 marks Reasoned evaluation of whether Leon and Olaf should start their business. Evaluation shows some balance. Valid judgments made with supporting comments.
1	1 mark Limited analysis of whether Leon and Olaf should start their business Undeveloped points are made. Superficial analysis.	1 mark Limited evaluation of whether Leon and Olaf should start their business. There may be unsupported judgments or advice.
0	0 marks No valid analysis.	0 marks No valid evaluation.

Indicative content

- Both Leon and Olaf have several years of experience in the industry
- They know a large amount of profit can be made (based on their employer)
- As they are working together, the workload can be shared- however this could add difficulty as they have different views on the importance of break even and they have not even started yet.
- However, finance may be required that they cannot afford
- Partnership has unlimited liability which could put their personal assets at risk
- It might depend on further market research
- The business does break even by the end of year 1 with a small profit.
- The fixed costs may become lower in year 2 as the start-up equipment has been purchased.
- It may take more than one year to become established and experience the same level of profits.
- The break-even information may not be accurate as it uses average price and variable cost information.

Credit any other valid suggestion.