



Pearson

Mark Scheme (Results)

Summer 2017

Pearson Edexcel GCSE
In Business Studies (5BS01)
Paper 1: Introduction to Small Business

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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>D</p> <p>A – stakeholders may invest money into a business but not always. B – some stakeholders may work for the business – but you do not have to. C – they may have a share in the profit but not all stakeholders do. D – they have different objectives – the reasons why they want the business to be successful.</p>	(1)

Question Number	Answer	Mark
2	<p>D</p> <p>A – entrepreneurial does not always means that they are willing to take risks and is not a quality. B – being lucky is not an entrepreneurial quality C – independence is not a quality. D – leadership is a quality.</p>	(1)

Question Number	Answer	Mark
3	<p>B, C</p> <p>A – it may increase her variable cost by adding extra flowers but not guaranteed. B – it does raise customer awareness – they can see the products she sells. C – It does make her business seem different to other businesses. D – it has no effect on the motivation of her workers – it could demotivate they have more to look after. E – no reason for attracting venture capitalists.</p>	(2)

Question Number	Answer	Mark
4	<p>B, D, F</p> <p>A – becoming private gives you limited liability which is better than unlimited. B – it does protect personal possessions as it is now limited. C – does not guarantee that the business makes a profit. D – she would only lose the amount invested so an advantage. E – private limited cannot raise money on the stock exchange. F – a private company can invite people to buy shares in the business.</p>	(3)
Question Number	Answer	Mark
5	<p>C, D</p> <p>A – published statistics means that someone has already carried out the research not primary. B – magazine article seen by numerous people not primary. C – focus groups gain information directly from the people. D – interviews with competitors also direct. E – internet research – again already collected by someone else.</p>	(2)

Question Number	Answer	Mark
6	<p>B</p> <p>A – not an objective – does not mean anything. B – personal satisfaction can be an objective. C – again not an objective – does not mean anything. D – improving cash flow is not an objective.</p>	(1)

Question Number	Answer	Mark
7	<p>C</p> <p>A – what you pay employees does not add to a product. B – variable minus price gives fixed costs. C – is adding value – adding to what the product has cost and what you sell it for. D – price of what? Not specific.</p>	(1)

Question Number	Answer	Mark
8	<p>A, C, F</p> <p>A – is long term because someone is investing in the business.</p> <p>B – money made from sales is not long term finance.</p> <p>C – is long term because it is an ongoing source of finance</p> <p>D – is not long term as it is dependent on what the bank will loan and for how long.</p> <p>E – trade credit is not long term and depends on the other businesses that you trade with.</p> <p>F - is long term as people are investing in the business.</p>	(3)

Question Number	Answer	Mark
9	<p>A, D</p> <p>A – if exchange rate reduces then goods will cost more.</p> <p>B – variable costs does not affect the sale of cake mixes.</p> <p>C – if increased importing could reduce the cost but would not be affected by the exchange rate.</p> <p>D – items become dearer for the UK if the exchange becomes lower.</p> <p>E – demand does not affect exchange rate.</p>	(2)

Question Number	Answer	Mark
10	<p>14 000, 4 160, 20</p> <p>£14 000 - £500 x 28</p> <p>£4 160 – add equipment hire, picnic hampers, fuel and fixed costs.</p> <p>20 – £10 000 divided by £500</p>	(3)

Question Number	Answer	Mark
11	<p>B, D, F</p> <p>A – it is not a legal requirement it is entirely up to the business if they have one. B – a cash flow forecast can help a bank decide whether to lend money. C – having a cash flow forecast is no guarantee that the business is successful. D – a cash flow does not reduce the risk of failure but can give a warning. E – cash flow forecast is predicting and will not show what has happened. F – can identify if the business will need money such as an overdraft.</p>	(3)

Question Number	Answer	Mark
12	<p>B, C</p> <p>A – probably would not locate where there is lots of competition. B – would want the fishing equipment near to where he is fishing. C – would locate near to lakes and rivers so that there are opportunities to fish. D – does not need to be near manufacturers of fishing equipment – they may not sell to him. E – having access to the internet is not required.</p>	(2)

Question Number	Answer	Mark
13	<p>C</p> <p>A – innovation is not knowing where the gap is. B – nothing to do with innovation. C – bringing a new idea onto the market is innovation. D – putting a patent on a product is not innovation.</p>	(1)

Question Number	Answer	Mark
14	D A – VAT is a tax on sales. B – Distribution Tax is a tax by the Indian Government. C – Income tax is a tax on wages/salaries. D – Corporation is a tax on profit.	(1)

Question Number	Answer	Mark
15	A, E A – add £115 000 and £425 000 minus £485 000 Gives a loss of £55 000 - correct B – revenue minus variable = £60 000 incorrect C – variable minus fixed = £310 000 incorrect D – revenue minus fixed = £ 370 000 incorrect E – adding fixed and variable together = 540 000 - correct	(2)

Question Number	Answer	Mark
16	B A – gaining revenue from the government would not be a reason for producing high-quality chairs. B – providing a product that meets the needs of customers is. C – providing orders for suppliers is not a reason for producing high-quality chairs. D – providing jobs for the local community is not a reason for producing high-quality chairs.	(1)

Question Number	Answer	Mark
17	<p>A, D, F</p> <p>A – reduced interest rates would reduce fixed costs.</p> <p>B – reduced interests does not increase risk of insolvency.</p> <p>C – does not produce lower variable costs – no guarantee that the prices change.</p> <p>D – could improve net cash flow as less money is going out of the business.</p> <p>E – no guarantee that there will be lower cash flowing into the business – cost of chairs may remain the same.</p> <p>F – it is likely that there will be an increase in profit.</p>	(3)

Question Number	Answer	Mark
18	<p>D, E</p> <p>A – a business plan has nothing to do with lateral thinking.</p> <p>B – it has nothing to do with providing a range of products.</p> <p>C – has nothing to do with market research information.</p> <p>D – creating a mind map may be considered a way of thinking laterally.</p> <p>E – also thinking 'outside of the box' may be considered lateral thinking.</p>	(2)

Question Number	Answer	Mark
19	<p>D</p> <p>A – 'what if' does not increase level of activity.</p> <p>B – does not ensure increase in sales.</p> <p>C – does not ensure that the business will fail.</p> <p>D – does improve the decisions that are made within the business.</p>	(1)

Question Number	Answer	Mark
20	(ii) F, (iii) I, (iv) A, (v) H, (vi) E	(5)

