



Mark Scheme (Results)

Summer 2025

Pearson Edexcel GCSE
In Business (1BS0) Paper 1
Investigating 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.
- Mark schemes will indicate within the table where, and which strands of QWC, are being assessed. The strands are as follows:
 - i) ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear*
 - ii) select and use a form and style of writing appropriate to purpose and to complex subject matter*
 - iii) organise information clearly and coherently, using specialist vocabulary when appropriate.*

Section A

Question number	Answer	Mark
1(a)	The only correct answer is B – Private limited company A is not correct because it is not a type of business ownership C is not correct because it is not a type of business ownership D is not correct because it is not a type of business ownership	(1) AO1a

Question number	Answer	Mark
1(b)	The only correct answer is C – Trade credit A is not correct because it is a long-term source of finance B is not correct because it is a market research method D is not correct because it is a long-term source of finance	(1) AO1a

Question number	Answer	Mark
1(c)	Award 1 mark for identification of a way, plus 2 further marks for explaining this way up to a total of 3 marks. E-commerce allows customers to make purchases 24/7 (1). As a result, there are no restrictions in opening times for a business (1). Therefore, more time is available to buy products from the business (1). E-commerce enables customers from different locations to buy products (1). This could lead to more customers than if the business was only bricks and mortar (1). Therefore, a higher quantity of products could be sold (1). Accept any other appropriate response. Answers that list more than one way with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
1(d)	Award 1 mark for identification of an advantage, plus 2 further marks for explaining this advantage, up to a total of 3 marks. A business may have to pay less tax on its profits (1). This may lead to an increase in funds that could be re-invested into the business (1). As a result, the business could experience increased growth (1). A decrease in taxation could lead to consumers paying less income tax (1). This could lead to higher levels of disposable income (1). Therefore, a business may experience an increase in demand for its products or services (1). Accept any other appropriate response. Answers that list more than one advantage with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
2(a)	The only correct answers are B – Design and D – Quality A is not correct because it is not a way to add value C is not correct because it is not a way to add value E is not correct because it is not a way to add value	(2) AO1a

Question number	Answer	Mark
2(b)	The only correct answers are C – Price and E – Promotion A is not correct because it is not an element of the marketing mix B is not correct because it is not an element of the marketing mix D is not correct because it is not an element of the marketing mix	(2) AO1a

Question number	Answer	Additional guidance	Mark
2(c)	Substitution into correct formula: $3000 = x \div (\pounds7 - \pounds3) \text{ (1)}$ Answer: $\pounds12\,000$ (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
2(d)	Award 1 mark for a way, plus 2 further marks for explaining this way up to a total of 3 marks. A USP will help to differentiate a product (1). This will add features to a product that helps it to stand out from competition (1). As a result, customers may be prepared to pay a higher price (1). A USP could increase the quality of the product (1). This is because it may add additional function into the design mix (1). As a result, customers will feel the product is worth more than rival products (1). Accept any other appropriate response. Answers that list more than one way with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
2(e)	Award 1 mark for identification of a disadvantage, plus 2 further marks for explaining this disadvantage up to a total of 3 marks. A sole trader has unlimited liability (1). This means that any debts will be the responsibility of the business owner (1). This could lead to personal assets being at risk of debts need to be repaid (1). A sole trader places a lot of responsibility on the owner (1). This is because only one person is running the business (1). This could lead to long working hours and a poor work/life balance (1). Accept any other appropriate disadvantage. Answers that list more than one disadvantage with no explanation will be awarded a maximum of 1 mark.	(3) A01a=1 A01b=2

Question number	Answer	Mark
3(a)	The only correct answer is B – Access to an established business model A is not correct because it is not an advantage of starting a business as a franchise C is not correct because it is not an advantage of starting a business as a franchise D is not correct because it is not an advantage of starting a business as a franchise	(1) AO1a

Question number	Answer	Additional guidance	Mark
3(b)	Substitution into correct formula: $(£6\ 000 \div £40\ 000) \times 100$ (1) Answer: 15% (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
3(c)	Award 1 mark for identification of an advantage, plus 2 further marks for explaining this advantage, up to a total of 3 marks. A cash-flow forecast can calculate how much cash is available to a business each month (1). Therefore, a business will know if it has enough cash to pay running costs such as suppliers or employees (1). This may help to prevent business failure (1). A cash-flow forecast will help to identify times when a business may run out of cash (1). Therefore, a business could make advanced plans to deal with these problems (1). This could lead to a business organising an overdraft with the bank (1). Accept any other appropriate response. Answers that list more than one advantage with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
3(d)	Award 1 mark for identification of a disadvantage, plus 2 further marks for explaining this disadvantage up to a total of 3 marks. One disadvantage of primary market research is that it can be expensive (1). This is because people need to be employed to collect the research (1). Therefore, business costs will increase due to increased salaries (1). Primary market research can take a long time to collect (1). This could lead to a business taking longer to make decisions (1). Therefore, a business may lose a competitive advantage (1). Accept any other appropriate response. Answers that list more than one disadvantage with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Indicative content		Mark
3(e)	• A business may need to be close to the market so there are potential customers living nearby (AO1b). • A business may need to locate in a location which is convenient to customers (AO1b). • If the business cannot find enough customers, then it may not be able to sell enough products to survive or make a profit (AO3a). • If the business is in a convenient location, then it makes it easier for customers to visit the business. This will help the business to add value (AO3a).		(6) AO1b=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).	
Level 2	3–4	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).	
Level 3	5–6	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).	

Section B

Question number	Answer	Mark
4(a)	Award up to 2 marks for linked points outlining an impact competition could have on <i>Pizza Pilgrims</i> came about. Award a maximum of 1 mark if points are not linked. Thom and James may have to change the price of their pizzas (1). Customers may go to competitors if they charge lower prices (1). <i>Pizza Pilgrims</i> may have to increase the quality of the pizzas (1). This could increase the cost of importing ingredients from Italy (1). Award any other valid answer. To award 2 marks there must linked development and evidence of application.	(2) AO2

Question number	Indicative content	Mark
4(b)	- Thom and James will have experienced a lack of security when giving up their jobs to travel to Italy (AO2). - The brothers may have had to use their own savings to buy the truck and pizza oven (AO2). - They would have both had a regular income from their jobs. This income would have been used to pay bills and other living expenses. Both of them lost the security of this because they did not know if the food truck would be successful enough to provide them with the same level of income (AO3a). - The cost of this would have to be paid before they had any customers. This money would be lost if customers did not like their pizzas and the business failed. As a result Thom and James would have lost the security of being able to use their savings as financial support (AO3a).	(6) AO2=3 AO3a=3

Level	Mark	Descriptor
		No rewardable material.
Level 1	1–2	- Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). - Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).
Level 2	3–4	- Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). - Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).
Level 3	5–6	- Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). - Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).

Question number	Answer	Additional guidance	Mark
5(a)	Substitution into correct formula: $(£11.50 + £14.50 + £15.50 + £12.25 + £13.50) \div 5$ (1) Answer: £13.45 (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Additional guidance	Mark
5(b)	Substitution into correct formula: $(185 \times £14.50) - (185 \times £4.00)$ (1) Answer: £1942.50 (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Indicative content	Mark
5(c)	- An increase in the rate of inflation could increase the price of imported ingredients from Italy (AO2). - Higher inflation may lead to customers spending less money on luxuries such as high-quality pizzas and attending music festivals (AO2). - This will mean the cost of making each pizza would increase. <i>Pizza Pilgrims</i> may have to increase the price of the pizzas which could lead to a decrease in customers and less profit. (AO3a). - This is because inflation reduces the value of money over time. If customer earnings do not increase at the same rate, then they may have to cut back on spending. This leads to less demand for non-essential products (AO3a).	(6) AO2=3 AO3a=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	- Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). - Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).
Level 2	3–4	- Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). - Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).
Level 3	5–6	- Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). - Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).

Question number	Answer	Mark
6(a)	Award 1 mark for stating one cash outflow for <i>Pizza Pilgrims</i>. Toppings for the pizzas (1). Wages for the cooks/chefs (1). Rent of space at music festivals (1). To award 1 mark there must be evidence of application.	(1) A02

Question number	Answer	Mark
6(b)	Award up to 2 marks for linked points outlining a drawback from using digital payment systems. Award a maximum of 1 mark if points are not linked. Some customers prefer to pay cash or may not have access to digital payment methods (1). This may lead to reduced sales for the food truck (1). <i>Pizza Pilgrims</i> may have to pay additional fees for digital payment systems (1). This could lead to increased costs for 'Pizza Through the Post' (1). Award any other valid answer. To award 2 marks there must be linked development and evidence of application.	(2) A02

Question number	Indicative content		Mark
6(c)	- Customers may be prepared to pay higher prices because the pizzas have the best possible crusts and are sold at music festivals (AO2). - Adding more items to the menu may offer wider range of choice for customers who may be considering buying a take-away or using 'Pizza Through the Post' (AO2). - Higher prices could lead to higher profit margins. If the demand for pizzas stays the same because of the perceived quality and the costs of production did not change, then the business will make more profit (AO3a). - This could lead to a wider range of customers as not everyone likes toppings such as Nduja. This could increase the volume of sales and therefore the amount of profit made by <i>Pizza Pilgrims</i> (AO3a). - However, there is a lot of competition for take-away food. If customers can find a substitute product then the demand may fall because of the increased prices. This could then lead to fall in profit (AO3b). - However, <i>Pizza Pilgrims</i> USP has been built on high quality ingredients imported from Italy. If Thom and James were to add items to the menu that did not use these ingredients, they could lose their USP and customer loyalty (AO3b).		(9) A02=3 A03a=3 A03b=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1-3	- Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). - Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). - Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).	
Level 2	4-6	- Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). - Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). - Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).	
Level 3	7-9	- Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). - Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). - Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).	

Section C

Question number	Answer	Mark
7(a)	Award one mark for stating one way that <i>Teendrive</i> must meet employment law. It must ensure all driving instructors are paid at least the National Minimum Wage (1). It must not discriminate against its driving instructors (1). All cars used for lessons must meet health and safety requirements (1). To award 1 mark there must be evidence of application.	(1) A02

Question number	Answer	Mark
7(b)	Block of 10	(1) A02

Question number	Answer	Mark
7(c)	Award up to 2 marks for linked points outlining a reason why the idea for <i>Teendrive</i> came about. Award a maximum of 1 mark if points are not linked. The business thought existing driving lessons were too expensive (1). It thought it would be more cost effective to offer block booked driving lessons (1). The business spotted a gap in the market (1). It decided to offer lessons to young people under the age of 17 (1). Award any other valid answer. To award 2 marks there must linked development and evidence of application.	(2) A02

Question number	Indicative content		Mark
7(d)	• <i>Teendrive</i> target young people that want to learn to drive. Market mapping could be used to target market segments that have not been considered in the learner-driver market (AO2). • Increased advertising would make more potential customers aware of the cheaper prices because of block booking driving lessons (AO2). • The majority of <i>Teendrive's</i> services are aimed at young people. Other groups such as older people may feel that their needs are not being covered by existing driving instructors. If <i>Teendrive</i> offered blocks of lessons to older people, then this may attract customers with higher levels of disposable income. This will attract new customers so market share should increase (AO3a). • <i>Teendrive</i> operates in a very competitive market in which it can be difficult for businesses to stand out. The business has been able to add USP's to its service, but it is important that customers are made aware of them. Effective advertising will help to highlight the specific features of <i>Teendrive</i> and encourage customers to book driving lessons (AO3a). • However, a gap in the market may exist for a reason. If <i>Teendrive</i> did target other market segments, then it may not be successful in attracting more customers as most of those people can already drive (AO3b). • However, the success of <i>Teendrive</i> has led to a lot of word-of-mouth recommendations. This reduces the need to advertise. Any additional advertising may increase the costs of the business without any additional bookings being made (AO3b).		(9) A02=3 A03a=3 A03b=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).	
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).	
Level 3	7-9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).	

Question number	Indicative content	Mark
7(e)	• An improvement in the economic climate could lead to people having more disposable income to spend. This could lead to more people being able to afford to learn to drive (AO1b). • The improved economic climate may not have as much impact on <i>Teendrive</i> as other small businesses because they target young people (AO1b). • A block of 30 lessons costs £870, which is a lot of money. A reduction in interest rates to 4.75% and a reduction in unemployment may lead to customers having more money and be able to afford the additional expense of driving lessons. (AO2). • Young people may have little economic responsibilities and view learning to drive as a very important part of their lives. Driving lessons are something they would book no matter how the economy was performing (AO2). • If customers have more income, they may decide it is a good time to learn to drive. Lower interest rates may also encourage people to borrow money and buy a new car. The business offers courses to help people gain access to new jobs. The fall in unemployment could lead to more customers for <i>Teendrive</i> as there are now more employment opportunities (AO3a). • As young people often do not have the responsibility of running a home, then a decrease in interest rates or unemployment falling may not affect their disposable income. <i>Teendrive</i> will not experience a significant increase in customers because it has targeted this younger market segment (AO3a). • However, the economy has only improved slightly. Interest rates are still relatively high, and unemployment has only fallen slightly to 4.2%. This may lead to uncertainty in customers and not make them commit to the expense of driving lessons or buying a new car (AO3b). • However, young people will usually have their driving lessons paid for by other people such as their parents. If the young people are consumers rather than the paying customers, then the improvement in the economic climate will influence the number of customers. If parents have increased disposable income they may book more lessons for their children (AO3b).	(12) AO1b=3 AO2=3 AO3a=3 AO3b=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-4	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). • Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b).
Level 2	5-8	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a) • Draws a conclusion based on sound evaluation of business information and issues (AO3b).
Level 3	9-12	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b).

