

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCSE

**Business Studies,
Business Communications,
Business Studies and Economics
Unit 1: Introduction to Small Business**

Tuesday 21 May 2013 – Morning
Time: 45 minutes

Paper Reference
5BS01/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided – *there may be more space than you need.*

Information

- The total mark for this paper is 40.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- A calculator may be used.

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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PEARSON

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

1 Which **one** of the following is the most important feature of enterprise?

Select **one** answer

- A** Poor planning
- B** A willingness to take risks
- C** Gaining qualifications
- D** Employing people

(Total for Question 1 = 1 mark)

2 Which **two** of the following are the most likely advantages of starting a new business as a franchise?

Select **two** answers

- A** Training and support are provided
- B** Ability to offer a different service
- C** Can buy goods to sell from any supplier
- D** Banks are more willing to lend money
- E** Can pay staff lower wages

(Total for Question 2 = 2 marks)

3 A small manufacturing company has variable costs.

Which **three** of the following are examples of variable costs?

Select **three** answers

- A** Raw materials
- B** Insurance premiums
- C** Packaging
- D** Loan repayments
- E** Gas/electricity bills
- F** Salaries

(Total for Question 3 = 3 marks)



Questions 4 to 9 are based on the information below.

James, a sole trader, has been trading for five years. He provides containers for growing vegetables. These are called *Veggards*. They are for people who wish to grow vegetables but do not have either the space or land to grow them.

The following table shows his revenue, costs and profit/loss for three months.

4 Fill in the **three** blanks to complete the table.

	October	November	December	
Revenue	£11 750		£ 4 000	(1)
Variable costs	£ 5 000	£ 6 750		(1)
Fixed costs	£ 3 500	£ 3 500	£ 3 500	
Total costs	£ 8 500	£10 250	£ 4 775	
Profit/loss		£ 2 300	–£ 775	(1)

(Total for Question 4 = 3 marks)

5 James is looking to expand the business. He is considering using short-term sources of finance to do this.

Which **two** of the following are examples of short-term sources of finance?

Select **two** answers.

- A** Loan from bank
- B** Venture capital
- C** Share capital
- D** Trade credit
- E** Overdraft

(Total for Question 5 = 2 marks)



James decides that he will use his personal savings to finance the expansion.

6 Which **two** of the following are disadvantages of using personal savings as a source of finance?

Select **two** answers.

- A No interest will have to be paid
- B The amount available might not be sufficient
- C The money will not have to be repaid
- D Less money available to deal with emergencies
- E The money is instantly available

(Total for Question 6 = 2 marks)

The wood James uses to make the *Veggards* comes from Germany.

A year ago the exchange rate was £1 = €1.11. It is now £1 = €1.23. The amount of wood James orders has remained the same. James has not changed his prices.

7 As a result of the change in exchange rates, which **one** of the following statements is true?

Select **one** answer.

- A Revenue will decrease
- B Costs will decrease
- C Costs will increase
- D Revenue will increase

(Total for Question 7 = 1 mark)

James knows that there is a high percentage of sole traders whose businesses fail within the first two years.

8 What are the **two most likely** reasons for this?

Select **two** answers.

- A Competition from larger companies
- B Too much consumer demand
- C Having to publish accounts
- D Not being able to have a holiday
- E Poor cash flow

(Total for Question 8 = 2 marks)



9 James has unlimited liability.

One key feature of unlimited liability is that he:

Select **one** answer

- A works on his own
- B has a number of people working for him
- C is responsible for all his debts
- D cannot get a bank loan

(Total for Question 9 = 1 mark)

The following advertisement was placed in a local newspaper.

Hairstyles by Design
WANTED IMMEDIATELY

Hairdresser with two years of experience
Must have at least NVQ level 2
Must be British with no disabilities
Working hours 9am till 5pm

10 In the above advertisement, which **two** of the following would break legislation when recruiting staff?

Select **two** answers.

- A Two years of experience
- B Must have at least NVQ level 2
- C Must be British
- D No disabilities
- E Working hours

(Total for Question 10 = 2 marks)



Questions 11 to 16 are based on the information below.

Skygo Airlines is a small cut-price airline offering cheap flights from England to Spain. It is classed as 'no frills', which means customers pay for flights only. Any extra services, such as refreshments, need to be paid for separately. *Skygo Airlines* is very conscious of its need to provide quality customer service for all its customers.

11 Which **two** of the following are ways that *Skygo Airlines* could ensure it provides quality customer service?

Select **two** answers.

- A** Providing regular staff training
- B** Cutting staff wages
- C** Decreasing the number of staff
- D** Ensuring staff deal promptly with complaints
- E** Reducing staff working hours

(Total for Question 11 = 2 marks)

From time to time some passengers behave inappropriately on flights.

12 Which **two** of the following are benefits for *Skygo Airlines* of knowing that its staff can deal with difficult customers?

Select **two** answers.

- A** Fewer customer complaints to be dealt with
- B** Installing CCTV cameras in its aircraft
- C** Staff do not avoid dealing with certain tasks
- D** Panic alarms are installed for staff to use
- E** More staff are employed to deal with customers

(Total for Question 12 = 2 marks)



13 Which **one** of the following would be the **least** effective in adding value to a customer's experience of *Skygo Airlines*?

Select **one** answer.

- A** Being able to reserve a seat
- B** Being able to book tickets online
- C** Offering flights to fewer destinations
- D** Offering flights to more destinations

(Total for Question 13 = 1 mark)

Recently the interest rate increased.

14 Which **two** of the following would be the most likely effects of this increase on *Skygo Airlines*?

Select **two** answers.

- A** A fall in customer numbers due to lower consumer spending
- B** An increase in fixed costs due to higher repayments on overdrafts
- C** A rise in customer numbers due to higher consumer spending
- D** A reduction in the fixed costs due to lower repayments on loans
- E** A greater chance that more companies will enter the market

(Total for Question 14 = 2 marks)



Detailed below is a table showing the prices of airline tickets and the number of passengers booked on each flight.

Flight	Price	Number of passengers
SK345	£130	85
SK611	£80	132
SK212	£55	157
SK322	£35	188

15 Which flight generated the highest revenue?

Select **one** answer

- A** SK345
- B** SK611
- C** SK212
- D** SK322

(Total for Question 15 = 1 mark)

16 Another flight, SK326, has started to make a loss.

What would be the impact of this loss on *Skygo Airlines* if it continues to operate this flight?

Select **one** answer.

- A** Lower fixed costs
- B** Higher net cash flow
- C** Higher Corporation Tax
- D** Lower overall profit

(Total for Question 16 = 1 mark)



17 Which **two** of the following would be drawbacks to businesses facing increased competition?

Select **two** answers.

- A** Offering good products and service
- B** Ability to increase prices
- C** Need to cut staffing levels
- D** Not developing opportunities
- E** An increase in innovation

(Total for Question 17 = 2 marks)



Questions 18 and 19 are based on the information below.

Suhayl runs *Sandwiches to Go*, a business selling drinks and sandwiches near to a railway station. He has realised that there are certain peak times when people are more interested in buying drinks and other times food. He is keen to beat the competition of the shops in the railway station where people can buy food, drink and newspapers.

18 Which **two** of the following would add value to *Sandwiches to Go*?

Select **two** answers.

- A Producing a business plan
- B No uniform for staff
- C Increasing opening hours
- D Simpler packaging
- E Competitors increasing prices

(Total for Question 18 = 2 marks)

19 Stakeholders are an important part of any business.

Which **three** of the following are stakeholders in *Sandwiches to Go*?

Select **three** answers.

- A Owners of the railway station
- B Owner of *Sandwiches to Go*
- C Customers of *Sandwiches to Go*
- D Staff who work at *Sandwiches to Go*
- E Commuters who pass by *Sandwiches to Go*
- F Newsagent whose shop is near to *Sandwiches to Go*

(Total for Question 19 = 3 marks)



20 Match the definition on the left with the correct term on the right.

The first one is done for you.

Definition	
i	The price of one currency in terms of another.
ii	The legal ownership of material such as books and films.
iii	A document that shows money going in and out of a business.
iv	The money paid to government on an individual's earnings.
v	Identifying where there is a gap for a business opportunity.
vi	Information about opinions, judgements and attitudes.

Term	
A	Financial objectives
B	Market mapping
C	Cash flow forecast
D	Copyright
E	Qualitative data
F	Quantitative data
G	Exchange rate
H	Capital
I	Income tax

(i) **G**

(ii)

(iii)

(iv)

(v)

(vi)

(Total for Question 20 = 5 marks)

TOTAL FOR PAPER = 40 MARKS



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