

Please check the examination details below before entering your candidate information

Candidate surname					Other names				
Centre Number					Candidate Number				
Pearson Edexcel Level 1/Level 2 GCSE (9–1)					<div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div> <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>				
Friday 24 May 2019									
Morning (Time: 1 hour 30 minutes)					Paper Reference 1BS0/01				
Business Paper 1: Investigating small business									
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.*
- Calculators may be used.
- You are advised to **show all your working out** with **your answer clearly identified** at the **end of your solution**.

Information

- The total mark for this paper is 90.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*

Advice

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

Turn over ►

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SECTION A

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 (a) Which **one** of the following is a short-term source of finance?

Select **one** answer.

(1)

- ☐ **A** Retained profit
- ☐ **B** Share capital
- ☐ **C** Trade credit
- ☐ **D** Venture capital

- (b) Which **one** of the following is a definition of an exchange rate?

Select **one** answer.

(1)

- ☐ **A** The flow of goods and services into a country
- ☐ **B** The value of one currency in terms of another currency
- ☐ **C** A tax on a particular good or service
- ☐ **D** When businesses operate on an international scale

- (c) Explain **one** benefit to an entrepreneur of buying a franchise to start a business.

(3)

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(d) Explain **one** way a small business could use market segmentation to target customers.

(3)

(Total for Question 1 = 8 marks)

2 (a) Which **two** of the following are elements of the marketing mix?

Select **two** answers.

(2)

- ☐ **A** Payment
- ☐ **B** Planning
- ☐ **C** Price
- ☐ **D** Product
- ☐ **E** Profit

(b) Which **two** of the following areas are covered by employment law?

Select **two** answers.

(2)

- ☐ **A** Consumer rights
- ☐ **B** Discrimination
- ☐ **C** E-commerce
- ☐ **D** Health and safety
- ☐ **E** Quality of products

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Table 1 contains information about a small business for one month. The business sold 340 units in this month.

Fixed costs	£3 600
Variable costs (per unit)	£9

Table 1

- (c) Using the information in Table 1, calculate the total costs for one month. You are advised to show your workings.

(2)

- (d) Explain **one** possible non-financial aim an entrepreneur may have when starting a small business.

(3)

(e) Explain **one** disadvantage to a small business of using qualitative data for market research.

(3)

(Total for Question 2 = 12 marks)

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3 (a) Which **one** of the following is an example of a cash outflow for a small business?

Select **one** answer.

(1)

- ☐ **A** Bank loan
- ☐ **B** Personal savings
- ☐ **C** Raw materials
- ☐ **D** Receipts

Figure 1 shows information about the financial performance of a business from January to March.

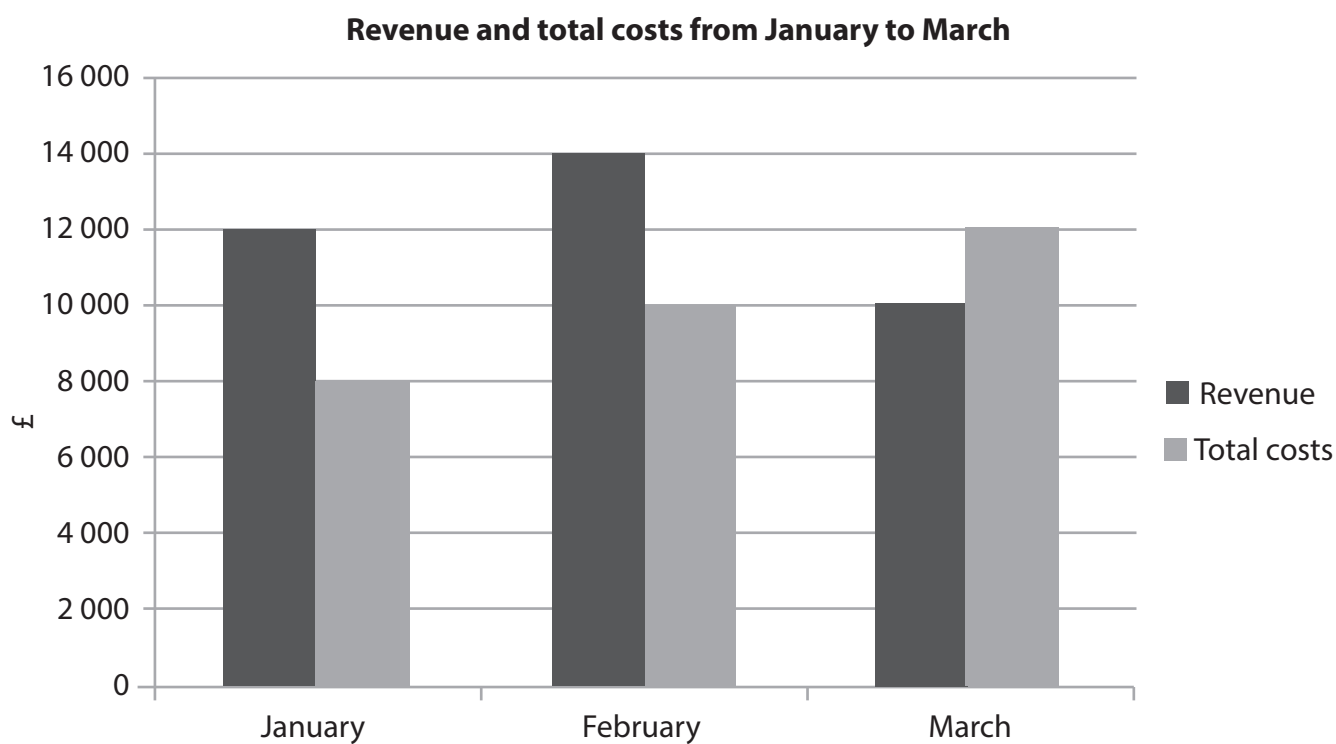


Figure 1

(b) Using the information in Figure 1, calculate the total profit for the period January to March. You are advised to show your workings.

(2)

(c) Explain **one** benefit to a small business of understanding customer needs.

(3)

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(d) Explain **one** reason why it is important to include financial information in a business plan.

(3)

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(e) Discuss the importance of cash to the survival of a small business.

(6)

(Total for Question 3 = 15 marks)

TOTAL FOR SECTION A = 35 MARKS

SECTION B

Answer ALL questions.

Read the following extract before answering Questions 4, 5 and 6.

Write your answers in the spaces provided.



Source: © Elena Dijour/Shutterstock

Last Course Patisserie Ltd is a small private limited company based in Devon which produces hand-made desserts and puddings. The business was established in 1986. Its owners previously worked in the food industry but felt they could offer better value for money to customers. All of the desserts are made fresh to order which has provided *Last Course Patisserie* with a reputation for being flexible when meeting customer needs.

Getting the best ingredients for the desserts is a vital part of the business. *Last Course Patisserie* found excellent suppliers of free range eggs and dairy products close to its business location. This means all ingredients could be delivered quickly when needed.

Last Course Patisserie has recently employed a new head chef from Switzerland who has introduced a new range of products to the menu. This has proved to be very popular with customers and the business now struggles to keep up with demand. *Last Course Patisserie* is receiving increased orders for desserts but, due to the size of its business premises, struggles to meet this increase in demand. The owners have decided that it is the right time for *Last Course Patisserie* to expand and possibly relocate to new premises.



(Source adapted from: <http://devondesserts.co.uk/>;
photo: © 2009-2018. Last Course Patisserie Ltd.)

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4 (a) Outline **one** risk taken by the owners when starting *Last Course Patisserie*.

(2)



(b) Analyse the impact on *Last Course Patisserie* of operating as a private limited company.

(6)

(Total for Question 4 = 8 marks)

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- 5 *Last Course Patisserie* has the following financial information for the month of April.

	April
Raw materials for each dessert	£0.50
Packaging for each dessert	£0.20
Fixed costs	£2 730
Selling price for each dessert	£2.00

Table 2

- (a) Using the information in Table 2, calculate the level of output required to break-even in April. You are advised to show your workings.

(2)

In May suppliers increased the cost of raw materials by 4%.

- (b) Using the information in Table 2, calculate the variable cost per dessert following the increase in the cost of raw materials.

(2)

UK consumer incomes are expected to rise over the next 10 years.

- (c) Analyse the likely impact on *Last Course Patisserie* of this changing level of consumer income.

(6)

(Total for Question 5 = 10 marks)

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6 The new head chef carried out secondary market research to identify information about the food market.

(a) State **one** benefit to *Last Course Patisserie* of conducting secondary market research.

(1)

(b) Outline **one** impact on a stakeholder group of *Last Course Patisserie* if it relocates to new premises.

(2)



In order to increase the number of desserts that can be produced to meet the extra demand, *Last Course Patisserie* is considering two options:

Option 1: investing in new machinery

Option 2: employing more staff.

(c) Justify which **one** of these two options *Last Course Patisserie* should choose.

(9)

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(Total for Question 6 = 12 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

Answer ALL questions.

Read the following extract carefully and then answer Question 7.

Write your answers in the spaces provided.



aphrodite

© Aphrodite Clothing

Aphrodite is a clothes shop that was formed in 1994 by two brothers, Andrew and Duncan McKenzie. They opened the shop because they had a lifelong enthusiasm for new fashion.

Andrew and Duncan visit Paris, Milan and London each year to buy their stock. They aim to buy well-known brands, such as Stone Island and Hugo Boss, and to also stock clothes from new designers. This range of stock helps provide them with an advantage over their competition.

Customer service has always been an important part of *Aphrodite's* success. A polite and friendly attitude greets all customers on arrival at the shop. In 2007 the business launched its website, which sells its range of clothing using e-commerce. The owners looked to maintain existing high standards of service for customers using their website.

A new opportunity was created when the shop premises next to *Aphrodite* became available to buy. Andrew and Duncan are considering buying the shop in order to convert the two shops into one large premises. They have calculated that this will cost them £250 000 but are undecided on the best way to finance this.

Figure 2 shows information about interest rates that might help them when making their decision.

(Source: adapted from <https://www.aphrodite1994.com/about-us> and interview with owner 9/10/2017; photo: © fipfoto/Shutterstock)

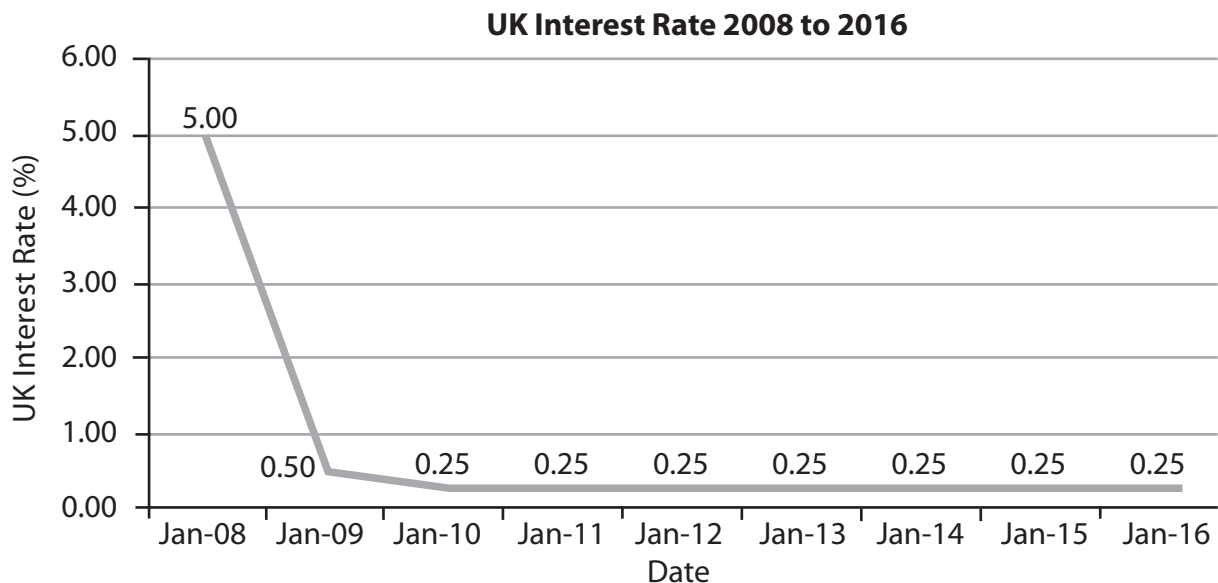


Figure 2

- 7 (a) State **one** way *Aphrodite* could use social media.

(1)

Table 3 shows the value of the pound (£) in euros (€) from June to September.

Month	Number of euro (€) per pound (£)
June	1.13
July	1.11
August	1.09
September	1.14

Table 3

- (b) Identify, from Table 3, which month was best for *Aphrodite* to import clothes from Paris.

(1)

- (c) Outline **one** reason why *Aphrodite's* range of stock could give it an advantage over its competitors.

(2)

To pay for the conversion of the premises, *Aphrodite* is considering two options:

Option 1: obtaining a bank loan

Option 2: crowd funding.

(d) Justify which **one** of these two options *Aphrodite* should choose.

(9)

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(e) Evaluate the impact of e-commerce on *Aphrodite's* marketing mix. You should use the information provided as well as your knowledge of business.

(12)

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(Total for Question 7 = 25 marks)

TOTAL FOR SECTION C = 25 MARKS
TOTAL FOR PAPER = 90 MARKS

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