

Paper Reference 1BS0/01  
Pearson Edexcel  
Level 1/Level 2 GCSE (9–1)

Total Marks
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**Business**  
**PAPER 1: Investigating small business**

**Time: 1 hour 30 minutes**

**In the boxes below, write your name, centre number and candidate number.**

<b>Surname</b>					
<b>Other names</b>					
<b>Centre Number</b>					
<b>Candidate Number</b>					

**YOU MUST HAVE**

**Nil**

**YOU WILL BE GIVEN**

**Data Booklet**

## **INSTRUCTIONS**

**Answer ALL questions.**

**Answer the questions in the spaces provided in this Question Paper – 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.**

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**SECTION A**

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

**Some questions are multiple choice. Write the letter(s) of your chosen answer(s) in the box(es) provided.**

1. (a) Which ONE of the following is an example of a variable cost?

Select ONE answer.

**A Insurance**

**B Packaging**

**C Rent**

**D Salaries**

Answer

(1 mark)

(continued on the next page)

1. continued.

(b) Which ONE of the following could be used to identify a market segment?

Select ONE answer.

**A** Demographics

**B** Inflation

**C** Marketing mix

**D** Revenue

Answer

(1 mark)

(continued on the next page)

**1. continued.**

**(c) Explain ONE risk for an entrepreneur when starting a new business.**

**(3 marks)**

[illegible]

**(continued on the next page)**

**Turn over**

**1. continued.**

**(d) Explain ONE way a small business could add value to a product.**

**(3 marks)**

[illegible]

**(Total for Question 1 = 8 marks)**



2. (a) Which TWO of the following are examples of a service?

Select TWO answers.

**A** Birthday cake

**B** Fitness class

**C** Mobile phone

**D** Newspaper

**E** Train journey

Answers

(2 marks)

(continued on the next page)

2. continued.

(b) Which TWO of the following are examples of cash inflows?

Select TWO answers.

**A** Bank loan

**B** Insurance

**C** Raw materials

**D** Receipts

**E** Wages

Answers

(2 marks)

(continued on the next page)

Turn over

**2. continued.**

**Look at the table for Question 2(c) in the Data Booklet. It contains information about a small business for one month.**

**(c) Using the information in the table, calculate the margin of safety. You are advised to show your workings.**

**(2 marks)**

\_\_\_\_\_ units

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**Turn over**

**2. continued.**

**(d) Explain ONE disadvantage to a small business of using an overdraft as a source of business finance.**

**(3 marks)**

[illegible]

**(continued on the next page)**

**Turn over**

**2. continued.**

**(e) Explain ONE impact on a small business of an increase in unemployment.**

**(3 marks)**

[illegible]

**(Total for Question 2 = 12 marks)**

3. (a) Which ONE of the following is a definition of insolvency?

Select ONE answer.

- A A product becoming obsolete
- B Business failure due to unpaid debts
- C Generating high levels of revenue
- D Understanding the business environment

Answer

(1 mark)

(continued on the next page)

**3. continued.**

**Look at the diagram for Question 3(b) in the Data Booklet. It shows the cash—flow of a business from May to August.**

- (b) Using the information in the diagram, calculate the total net cash—flow from May to August. You are advised to show your workings.**
- (2 marks)**

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**Turn over**

3. continued.

(c) Explain ONE way a small business could reduce its variable costs.

(3 marks)

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**3. continued.**

**(d) Explain ONE advantage to a small business of meeting all employment legislation.**

**(3 marks)**

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**Turn over**

**3. continued.**

**(e) Discuss how possible conflicts between owners and employees could affect the profit of a small business.**

**(6 marks)**

**Answer lines continue on the next page.**

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**3. (e) continued.**

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**(Total for Question 3 = 15 marks)**

**TOTAL FOR SECTION A = 35 MARKS**

**Turn over**

**SECTION B**

**Answer ALL questions.**

**Read the extract for Section B in  
the Data Booklet before answering  
Questions 4, 5 and 6.**

**Write your answers in the spaces provided.**

4. (a) Outline ONE factor that may influence the location of a **Little Movers** franchise.  
(2 marks)

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**4. continued.**

**(b) Analyse the impact on an entrepreneur of being a Little Movers franchisee.**

**(6 marks)**

**Answer lines continue on the next page.**

[illegible]

**4. (b) continued.**

[illegible]

**(Total for Question 4 = 8 marks)**

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5. Look at the table for Question 5(a) and (b) in the Data Booklet.

When starting the business in 2007, Melanie took out a loan. The financial details of this loan are in the table in the Data Booklet.

- (a) Using the information in the table, calculate the interest on the loan as a percentage of the total amount borrowed. You are advised to show your workings.  
(2 marks)

\_\_\_\_\_ %

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Turn over



**5. continued.**

**(b) Using the information in the table, calculate, to 2 decimal places, the monthly repayments for the loan. You are advised to show your workings.**

**(2 marks)**

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**5. continued.**

**(c) Analyse the impact on Little Movers of having a strong brand.**

**(6 marks)**

**Answer lines continue on the next page.**

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**5. (c) continued.**

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**(Total for Question 5 = 10 marks)**

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6. (a) State ONE non—financial aim that Melanie may have had when starting **Little Movers**.

(1 mark)

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6. continued.

(b) Outline ONE benefit to **Little Movers** of having an online booking system.

(2 marks)

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6. continued.

**Little Movers** is considering two options to carry out market research for possible new franchises in Poland:

**Option 1:** internet research to identify competitors in Poland

**Option 2:** conducting focus groups with parents living in Poland.

(c) Justify which **ONE** of these two options **Little Movers** should choose.

(9 marks)

Answer lines continue on the next three pages.

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6. (c) continued.

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**6. (c) continued.**

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**Turn over**



6. (c) continued.

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(Total for Question 6 = 12 marks)

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**TOTAL FOR SECTION B = 30 MARKS**

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## **SECTION C**

**Answer ALL questions.**

**Read the extract for Section C in the Data Booklet carefully and then answer Question 7.**

**Write your answers in the spaces provided.**

7. (a) State ONE source of revenue for  
**Digital Allies.**  
(1 mark)

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**7. continued.**

**Look at the diagram for Question 7(b) in the Data Booklet. It shows the number of social media accounts in the UK in 2019.**

**(b) Using the information in the diagram, identify which social media platform was the second largest in the UK in 2019.**

**(1 mark)**

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7. continued.

(c) Outline ONE impact on the owners of  
**Digital Allies** from being a private limited  
company.

(2 marks)

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7. continued.

In order to help improve digital marketing for a local university, **Digital Allies** is considering two options:

**Option 1:** improve the design of the university website

**Option 2:** design a social media campaign to target new students.

(d) Justify which **ONE** of these two options **Digital Allies** should choose.

(9 marks)

Answer lines continue on the next two pages.

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**7. (d) continued.**

[illegible]

**Turn over**

**7. (d) continued.**

[illegible]

**(continued on the next page)**

**Turn over**



7. continued.

(e) Evaluate the impact that changes in technology may have on **Digital Allies**. You should use the information provided as well as your knowledge of business.

(12 marks)

Answer lines continue on the next four pages.

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Turn over

**7. (e) continued.**

[illegible]

**Turn over**

**7. (e) continued.**

[illegible]

**Turn over**

**7. (e) continued.**

[illegible]

**Turn over**

7. (e) continued.

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(Total for Question 7 = 25 marks)

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**TOTAL FOR SECTION C = 25 MARKS**

**TOTAL FOR PAPER = 90 MARKS**

**END OF PAPER**

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