

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

Total Marks

Business
PAPER 1: Investigating small business

Time: 1 hour 30 minutes

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

Surname					
Other names					
Centre Number					
Candidate Number					

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.

Turn over

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.

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)

Turn over

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)

Turn over

1. continued.

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

(3 marks)

Answer lines continue on the next page.

Turn over

1. (c) continued.

(continued on the next page)

1. continued.

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

(3 marks)

Answer lines continue on the next page.

1. (d) continued.

(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)

Turn over

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)

Answer space continues on the next page.

Turn over

2. (c) continued.

_____ **units**

(continued on the next page)

Turn over

2. continued.

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

(3 marks)

Answer lines continue on the next page.

Turn over

2. (d) continued.

(continued on the next page)

2. continued.

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

(3 marks)

Answer lines continue on the next page.

Turn over

2. (e) continued.

(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)

Turn over

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)

Answer space continues on the next page.

Turn over

3. (b) continued.

£ _____

(continued on the next page)

Turn over

3. continued.

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

(3 marks)

Answer lines continue on the next page.

Turn over

3. (c) continued.

(continued on the next page)

Turn over

3. continued.

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

(3 marks)

Answer lines continue on the next page.

3. (d) continued.

(continued on the next page)

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 two pages.

Turn over

3. (e) continued.

Turn over

3. (e) continued.

(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.

Turn over

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

(continued on the next page)

Turn over

4. continued.

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

(6 marks)

Answer lines continue on the next two pages.

4. (b) continued.

4. (b) continued.

(Total for Question 4 = 8 marks)

- 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)**

Answer space continues on the next page.

5. (a) continued.

_____ %

(continued on the next page)

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)

Answer space continues on the next page.

5. (b) continued.

(continued on the next page)

Turn over

5. continued.

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

(6 marks)

**Answer lines continue on the
next two pages.**

5. (c) continued.

Turn over

5. (c) continued.

(Total for Question 5 = 10 marks)

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

(continued on the next page)

6. continued.

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

(2 marks)

(continued on the next page)

Turn over

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.

(continued on the next page)

6. continued.

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

(9 marks)

Answer lines continue on the next four pages.

Turn over

6. (c) continued.

6. (c) continued.

Turn over

6. (c) continued.

6. (c) continued.

(Total for Question 6 = 12 marks)

TOTAL FOR SECTION B = 30 MARKS

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.

Turn over

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

(1 mark)

(continued on the next page)

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)

(continued on the next page)

Turn over

7. continued.

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

(continued on the next page)

Turn over

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.

(continued on the next page)

7. continued.

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

(9 marks)

**Answer lines continue on the
next three pages.**

7. (d) continued.

Turn over

7. (d) continued.

Turn over

7. (d) continued.

(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 six pages.

Turn over

7. (e) continued.

Turn over

7. (e) continued.

Turn over

7. (e) continued.

Turn over

7. (e) continued.

Turn over

7. (e) continued.

Turn over

7. (e) continued.

(Total for Question 7 = 25 marks)

TOTAL FOR SECTION C = 25 MARKS

TOTAL FOR PAPER = 90 MARKS

END OF PAPER
