

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

Total Marks

Business
PAPER 1: Investigating small business

Thursday 18 May 2023 – Afternoon

Time: 1 hour 45 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

**Source Booklet
Data Booklet**

INSTRUCTIONS

There are THREE sections in this paper.

Answer ALL 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.

Turn over

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 could market mapping be used for?

Select ONE answer.

- A** Identifying how many customers there are in a market
- B** Identifying how many employees work in a business
- C** Spotting where there is a gap in the market
- D** To identify the location of a business

Answer

(1 mark)

(continued on the next page)

1. continued.

(b) Which ONE of the following is an impact of a decrease in interest rates?

Select ONE answer.

- A** Businesses will borrow less money
- B** Customers will borrow less money
- C** Customers will borrow more money
- D** Repayments on loans should go up

Answer

(1 mark)

(continued on the next page)

Turn over

1. continued.

(c) Explain ONE advantage of starting a business as a private limited company.

(3 marks)

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Turn over

1. continued.

(d) Explain ONE way the internet may affect where a small business chooses to locate.

(3 marks)

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(Total for Question 1 = 8 marks)

Turn over

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

Select TWO answers.

A Choice

B Profit

C Quality

D Risk

E Taxation

Answers

(2 marks)

(continued on the next page)

Turn over

2. continued.

(b) Which TWO of the following are roles of an entrepreneur?

Select TWO answers.

A Going to university

B Organising resources

C Personal satisfaction

D Taking risks

E To be a sole trader

Answers

(2 marks)

(continued on the next page)

Turn over

2. continued.

Table 1 below contains information about a small business.

Table 1

Fixed costs	£10 000
Variable cost	£2·50 per unit
Selling price	£5·00 per unit
Break even level of output	4,000 units

(continued on the next page)

Turn over

2. continued.

The business increases the selling price of its product to £6·50 per unit.

(c) Using the information in Table 1 on the previous page, calculate the decrease in the break even level of output. You are advised to show your workings.

(2 marks)

_____ units

(continued on the next page)

2. continued.

(d) Explain ONE way a small business could become more competitive.

(3 marks)

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Turn over

2. continued.

(e) Explain ONE advantage to a small business of meeting its legal obligations.

(3 marks)

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(Total for Question 2 = 12 marks)

Turn over

3. (a) Which ONE of the following could a small business use to add value?

Select ONE answer.

- A Locate in a convenient place
- B Pay a higher rate of taxation
- C Reduce its cash inflows
- D Use a long-term source of finance

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 number of units sold per month by a business from February to April.

The selling price for each unit was £5.20

(b) Using the information in the diagram, calculate the revenue for March. You are advised to show your workings.

(2 marks)

£ _____

(continued on the next page)

Turn over

3. continued.

(c) Explain ONE disadvantage to a small business of not paying its employees on time.

(3 marks)

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Turn over

3. continued.

(d) Explain ONE advantage to a small business from using retained profit as a source of finance.

(3 marks)

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Turn over

3. continued.

(e) Discuss the impact on a small business from adapting existing products to develop new business ideas.

(6 marks)

Answer lines continue on the next page.

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. Write your answers in the spaces provided.

In the Source Booklet, read Extract A, then answer Questions 4, 5 and 6.

4. (a) Outline ONE way that financial information in a business plan could help **Lili Heating Ltd.**
(2 marks)

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4. continued.

(b) Analyse the impact of non-financial aims on Amelia's decision to start Lili Heating Ltd.

(6 marks)

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4. (b) continued.

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(Total for Question 4 = 8 marks)

Turn over

5. Table 2 below shows forecasts from the business plan for month one of Lili Heating Ltd.

Table 2

Cash inflows	Cash outflows	Opening balance
£8 600	£11 000	£4 000

- (a) Using the information in Table 2, calculate Lili Heating Ltd's forecasted closing balance at the end of month one. You are advised to show your workings.
(2 marks)

£ _____

(continued on the next page)

Turn over

5. continued.

Look at the table for Question 5(b) in the Data Booklet. As part of her market research Amelia collected quantitative research from the Birmingham City Council website. Some of this information can be seen in the table in the Data Booklet.

- (b) Using the information in the table, calculate to 2 decimal places, the percentage of people in the age group 45–49 that are female. You are advised to show your workings.**
- (2 marks)**

_____ %

(continued on the next page)

Turn over

5. continued.

(c) Analyse the impact on **Lili Heating Ltd**
of using the internet to collect secondary
market research.

(6 marks)

Answer lines continue on the next page.

5. (c) continued.

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(Total for Question 5 = 10 marks)

Turn over

6. (a) State ONE element of the marketing mix, other than price, for **Lili Heating Ltd.**
(1 mark)

(continued on the next page)

6. continued.

(b) Outline one reason why the government would want **Lili Heating Ltd** to be successful.

(2 marks)

(continued on the next page)

6. continued.

In order to make the business more successful,
Lili Heating Ltd is considering two options:

Option 1: offer a discounted price to female customers

Option 2: use social media to promote the business.

(c) Justify which **ONE** of these two options
Lili Heating Ltd should choose.
(9 marks)

Answer lines continue on the next three pages.

Turn over

6. (c) continued.

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6. (c) continued.

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6. (c) continued.

(Total for Question 6 = 12 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

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

In the Source Booklet, read Extract B, then answer Question 7.

7. (a) State ONE example of a risk for an investor in
Ripple.
(1 mark)

(continued on the next page)

7. continued.

Look at the table for Question 7(b) in the Data Booklet. It shows the percentage of different energy types used to produce electricity in the UK in 2018 and 2019.

(b) Using the information in the table, identify which type of energy use declined the most between 2018 and 2019.

(1 mark)

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Turn over

7. continued.

- (c) Outline ONE benefit to customers from **Ripple** asking questions to identify its customer needs.
(2 marks)

(continued on the next page)

7. continued.

In order to help small businesses, such as **Ripple**, become successful the UK government is considering two options:

Option 1: reduce the tax paid by small businesses

Option 2: provide free training if businesses recruit new employees.

(d) Justify which **ONE** of these two options would have the most significant impact on the success of **Ripple**.

(9 marks)

Answer lines continue on the next two pages.

7. (d) continued.

[illegible]

Turn over

7. (d) continued.

[illegible]

(continued on the next page)

Turn over

7. continued.

(e) Evaluate the importance of price in Ripple's marketing mix. 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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7. (e) continued.

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7. (e) continued.

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7. (e) continued.

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7. (e) continued.

(Total for Question 7 = 25 marks)

TOTAL FOR SECTION C = 25 MARKS

TOTAL FOR PAPER = 90 MARKS

END OF PAPER
