

**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.**

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

**Y71036A**

**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.**

**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.**

---

**Turn over**

**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.**

**Turn over**

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)

Turn over

**1. continued.**

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

**Select ONE answer from the  
options on the next page and  
write the letter in the box  
provided.**

**Turn over**

1. (b) continued.

- 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)**

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

---

---

---

---

---

---

---

**Turn over**



**1. (c) continued.**

---

---

---

---

---

---

---

---

**(continued on the next page)**

**Turn over**

**1. continued.**

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

**(3 marks)**

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

---

---

---

---

---

---

---

**Turn over**

**1. (d) continued.**

---

---

---

---

---

---

---

---

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

---

**Turn over**

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

**Select TWO answers from the options on the next page and write the letters in the boxes provided.**

**2. (a) continued.**

**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 from the options on the next page and write the letters in the boxes provided.**

**Turn over**

2. (b) continued.

**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**

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

**(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)**

**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 way a small business could become more competitive.**

**(3 marks)**

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

---

---

---

---

---

---

---

**Turn over**

**2. (d) continued.**

---

---

---

---

---

---

---

---

**(continued on the next page)**

**Turn over**

**2. continued.**

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

**(3 marks)**

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

---

---

---

---

---

---

---

**Turn over**

**2. (e) continued.**

---

---

---

---

---

---

---

---

**(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)

Turn over

**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)**

**Answer space is on the next page.**

**Turn over**



3. (b) continued.

£ \_\_\_\_\_

(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)**

**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 from using retained profit as a source of finance.**

**(3 marks)**

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

---

---

---

---

---

---

**Turn over**

3. (d) continued.

---

---

---

---

---

---

---

---

---

(continued on the next page)

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 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. Write your answers in the spaces provided.**

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

**Turn over**

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

---

---

---

---

---

---

---

---

---

---

(continued on the next page)

Turn over

**4. continued.**

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

**(6 marks)**

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

---

---

---

---

---

---

**Turn over**

4. (b) continued.

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

Turn over

4. (b) continued.

---

---

---

---

---

---

---

---

---

---

**(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**

<b>Cash inflows</b>	<b>Cash outflows</b>	<b>Opening balance</b>
<b>£8 600</b>	<b>£11 000</b>	<b>£4 000</b>

(continued on the next page)

**Turn over**

**5. continued.**

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

**(2 marks)**

**Answer space continues on the next page.**

**Turn over**

5. (a) continued.

£ \_\_\_\_\_

(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.**

**(continued on the next page)**

**Turn over**

**5. continued.**

- (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 two pages.**

---

---

---

---

---

---

**Turn over**

5. (c) continued.

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

Turn over

**5. (c) continued.**

---

---

---

---

---

---

---

---

---

---

**(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)**

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

---

---

---

---

---

---

**Turn over**

**6. (b) continued.**

---

---

---

**(continued on the next page)**

**Turn over**



**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.**

**(continued on the next page)**

**6. continued.**

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

**(9 marks)**

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

---

---

---

---

---

---

---

**Turn over**

6. (c) continued.

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

Turn over

6. (c) continued.

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

Turn over

6. (c) continued.

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

Turn over

6. (c) continued.

---

---

(Total for Question 6 = 12 marks)

---

**TOTAL FOR SECTION B = 30 MARKS**

---

Turn over

## **SECTION C**

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

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

**Turn over**

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.**

**(continued on the next page)**

**Turn over**

**7. continued.**

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

**(1 mark)**

---

---

---

---

---

**(continued on the next page)**

**Turn over**

**7. continued.**

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

**(2 marks)**

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

---

---

---

---

---

---

**Turn over**

**7. (c) continued.**

---

---

---

**(continued on the next page)**

**Turn over**

**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.**

**(continued on the next page)**

**Turn over**

**7. continued.**

**(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 three pages.**

---

---

---

---

---

---

**Turn over**

7. (d) continued.

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

Turn over

7. (d) continued.

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

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 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**

---