

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

Business
PAPER 1: Investigating small business

Tuesday 14 May 2024 – Afternoon

Time: 1 hour 45 minutes

Total Marks

IN THE BOXES BELOW write your name, centre number and candidate number.

Candidate surname					
Other names					
Centre Number					
Candidate Number					

YOU MUST HAVE:

Nil

YOU WILL BE GIVEN:

Source Booklet (enclosed)

Diagram Booklet (enclosed)

INSTRUCTIONS

There are THREE sections in this paper.

**Answer ALL 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.

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 way of segmenting a market?**
(1 mark)

Select ONE answer.

- ☐ **A Cost**
- ☐ **B Income**
- ☐ **C Media**
- ☐ **D Profit**

(continued on the next page)

1 continued

- (b) Which ONE of the following is a definition of insolvency?
(1 mark)**

Select ONE answer.

- ☐ **A Business failure due to unpaid debts**
- ☐ **B Credit offered by suppliers**
- ☐ **C The cost of borrowing money**
- ☐ **D When two businesses join together**

(continued on the next page)

1 continued

(c) Explain ONE disadvantage of starting a business as a partnership.
(3 marks)

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Turn over

1 continued

(d) Explain ONE advantage to customers from increased competition.
(3 marks)

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(Total for Question 1 = 8 marks)

Turn over

- 2 (a) Which TWO of the following could be used to collect secondary market research?
(2 marks)**

Select TWO answers.

- ☐ **A Focus group**
- ☐ **B Internet**
- ☐ **C Market reports**
- ☐ **D Observation**
- ☐ **E Survey**

(continued on the next page)

2 continued

- (b) Which TWO of the following are covered by employment law?
(2 marks)**

Select TWO answers.

- ☐ **A Consumer rights**
- ☐ **B Discrimination**
- ☐ **C Health and safety**
- ☐ **D Product quality**
- ☐ **E Taxation**

(continued on the next page)

Turn over

2 continued

- (c) Using the information in TABLE 1 in the Diagram Booklet, calculate the total costs for the small business. You are advised to show your workings. (2 marks)**

£ _____

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2 continued

- (d) Explain ONE disadvantage to a small business from using retained profit for expansion.
(3 marks)**

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2 continued

(e) Explain ONE advantage of opening up a business as a franchise.
(3 marks)

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(Total for Question 2 = 12 marks)

Turn over

- 3 (a) Which ONE of the following is a financial aim for a new business?**
(1 mark)

Select ONE answer.

- ☐ **A Challenge**
- ☐ **B Independence**
- ☐ **C Personal satisfaction**
- ☐ **D Survival**

(continued on the next page)

3 continued

FIGURE 1 in the Diagram Booklet shows the number of units sold by a business each month from June to August. The break even level of output for each month was 5,000.

- (b) Using the information in FIGURE 1, calculate the margin of safety for August. You are advised to show your workings on the next page with your answer.
(2 marks)**

_____ units

(continued on the next page)

Turn over

3 continued

(c) Explain ONE disadvantage to a small business from an increase in unemployment.
(3 marks)

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3 continued

**(d) Explain ONE advantage to a small business from using e-commerce.
(3 marks)**

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3 continued

- (e) Discuss the way a small business could use branding to add value.**

(6 marks)

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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. Write your answers in the spaces provided.

In the Source Booklet, look at FIGURE 2 and read EXTRACT A, then answer Questions 4, 5 and 6.

- 4 (a) Outline ONE possible risk to Keilan from setting up Adikoggz.
 (2 marks)**

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4 continued

- (b) Analyse the importance to Adikoggz of identifying customer needs.**

(6 marks)

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Turn over

4(b) continued

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(Total for Question 4 = 8 marks)

- 5 **TABLE 2 in the Diagram Booklet shows how many pairs of trainers were customised by Adikoggz from July to December 2022.**
- (a) **Using the information in TABLE 2, calculate the average number of trainers customised per month from July to December 2022. You are advised to show your workings.**
(2 marks)

_____ pairs

(continued on the next page)

5 continued

- (b) Using the information in TABLE 2, calculate, to 2 decimal places, the percentage change in sales from November to December 2022.
(2 marks)**

_____ %

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Turn over

5 continued

- (c) Analyse the advantage to Adikoggz from using social media to promote its products.**

(6 marks)

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5(c) continued

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(Total for Question 5 = 10 marks)

Turn over

- 6 (a) State ONE example of a cash inflow for Adikoggz.
(1 mark)

(continued on the next page)

6 continued

- (b) Outline ONE benefit to Keilan from producing a business plan for Adikoggz.
(2 marks)**

(continued on the next page)

Turn over

6 continued

To help prevent cash-flow problems Adikoggz is considering two options as a short-term source of finance:

OPTION 1: an overdraft from the bank

OPTION 2: trade credit from suppliers.

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

(9 marks)

Answer space continues on the next 2 pages

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6(c) continued

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6(c) continued

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(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, look at FIGURE 3 and read EXTRACT B, then answer Question 7.

- 7 (a) State ONE example of a fixed cost for PFC.
 (1 mark)**

(continued on the next page)

7 continued

TABLE 3 in the Diagram Booklet shows the % of the local population that has a gym membership in different regions of the UK.

- (b) Using the information in TABLE 3, identify which region had the lowest level of gym membership in the UK.
(1 mark)**

(continued on the next page)

7 continued

- (c) Outline ONE factor that could have influenced the location of PFC.
(2 marks)**

(continued on the next page)

7 continued

In order to increase the number of new members at PFC, the owner is considering two options:

OPTION 1: reducing the price of membership

OPTION 2: providing an individual fitness plan for all new members.

- (d) Justify which ONE of these two options would have the bigger impact on new membership at PFC.
(9 marks)

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7(d) continued

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7 continued

- (e) Evaluate the importance of the level of consumer income to the success of PFC. You should use the information provided as well as your knowledge of business.**

(12 marks)

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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
