

Paper Reference 1BS0/01

Pearson Edexcel Level 1/Level 2

GCSE (9–1)

Business

PAPER 1: Investigating small business

Tuesday 14 May 2024 – Morning

Time: 1 hour 45 minutes

Total Marks

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 (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.

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 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 ☐.

Turn over

- 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)

Turn over

1 continued

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

(3 marks)

Answer space continues on the next page

1(c) continued

(continued on the next page)

Turn over

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

(3 marks)

Answer space continues on the next page

1(d) continued

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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

Look at TABLE 1 for Question 2(c) in the Diagram Booklet. TABLE 1 contains information for a small business.

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

£ _____

(continued on the next page)

Turn over

2 continued

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

(3 marks)

Answer space continues on the next page

Turn over

2(d) continued

[illegible]

(continued on the next page)

Turn over

2 continued

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

(3 marks)

Answer space continues on the next page

Turn over

2(e) continued

[illegible]

(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

Look at FIGURE 1 for Question 3(b) in the Diagram Booklet. FIGURE 1 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 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)

Answer space continues 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 e-commerce.

(3 marks)

Answer space continues on the next page

Turn over

3(d) continued

(continued on the next page)

Turn over

3 continued

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

(6 marks)

Answer space continues on the next 3 pages

Turn over

3(e) continued

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3(e) continued

[illegible]

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, 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)

Answer space continues on the next page

Turn over

4(a) continued

(continued on the next page)

Turn over

4 continued

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

(6 marks)

Answer space continues on the next 3 pages

Turn over

4(b) continued

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4(b) continued

[illegible]

Turn over

4(b) continued

(Total for Question 4 = 8 marks)

5 Look at TABLE 2 for Question 5(a) in the Diagram Booklet. TABLE 2 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)

Turn over

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)**

_____ %

(continued on the next page)

Turn over

5 continued

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

(6 marks)

Answer space continues on the next 3 pages

Turn over

5(c) continued

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5(c) continued

[illegible]

Turn over

5(c) continued

(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)

Answer space continues on the next page

Turn over

6(b) continued

(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 5 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)

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)

Answer space continues on the next page

Turn over

7(a) continued

(continued on the next page)

7 continued

Look at the TABLE 3 for Question 7 in the Diagram Booklet. TABLE 3 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)**

Answer space continues on the next page

Turn over

7(b) continued

(continued on the next page)

7 continued

(c) Outline ONE factor that could have influenced the location of PFC.

(2 marks)

Answer space continues on the next page

Turn over

7(c) continued

(continued on the next page)

Turn over

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.

- 7 (d) Justify which ONE of these two options would have the bigger impact on new membership at PFC. (9 marks)**
Answer space continues on the next 6 pages

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7(d) continued

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7(d) continued

(continued on the next page)

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)

Answer space continues on the next 8 pages

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7(e) continued

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7(e) continued

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Turn over

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