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Pearson Edexcel Level 1/Level 2 GCSE (9–1)

Tuesday 14 May 2024

Afternoon (Time: 1 hour 45 minutes)	Paper reference	1BS0/01
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Business

PAPER 1: Investigating small business

You must have: Source Booklet (enclosed)	Total Marks
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Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- 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.
- Individual links to questions and texts can be found at the bottom of some pages and are shown by a link symbol ➞.

Turn over ►

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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)

Select **one** answer.

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

- (b) Which **one** of the following is a definition of insolvency?

(1)

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

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

(3)

(d) Explain **one** advantage to customers from increased competition.

(3)

(Total for Question 1 = 8 marks)

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

(2)

Select **two** answers.

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

(b) Which **two** of the following are covered by employment law?

(2)

Select **two** answers.

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

Table 1 contains information for a small business.

Fixed costs	£7 500
Variable cost	£2 per unit
Selling price	£6 per unit
Output	5,000 units

Table 1

(c) Using the information in Table 1, calculate the total costs for the small business.
You are advised to show your workings.

(2)

£

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

(3)

- (e) Explain **one** advantage of opening up a business as a franchise.

(3)

(Total for Question 2 = 12 marks)

3 (a) Which **one** of the following is a financial aim for a new business?

(1)

Select **one** answer.

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

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.

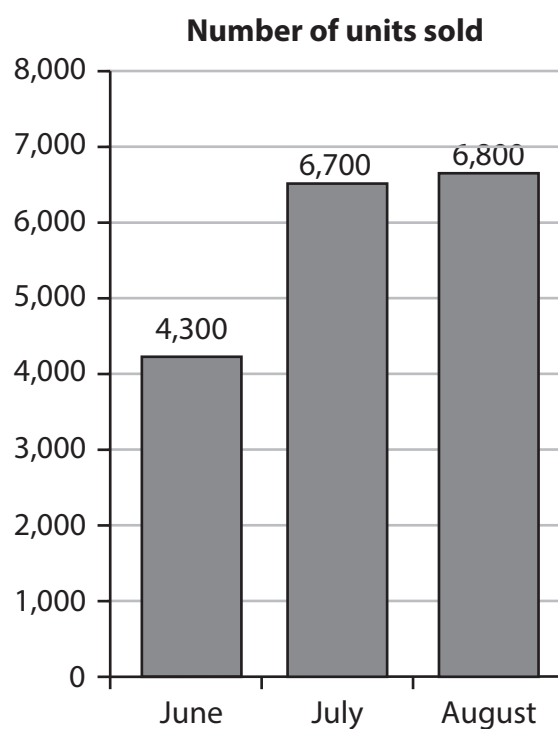


Figure 1

(b) Using the information in Figure 1, calculate the margin of safety for August. You are advised to show your workings.

(2)

units

(c) Explain **one** disadvantage to a small business from an increase in unemployment.

(3)

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

(3)

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

(6)

(Total for Question 3 = 15 marks)

TOTAL FOR SECTION A = 35 MARKS



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)

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

(6)

(Total for Question 4 = 8 marks)



- 5 Table 2 shows how many pairs of trainers were customised by *Adikoggz* from July to December 2022.

	Pairs of trainers
July	52
August	61
September	47
October	34
November	52
December	72

Table 2

- (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)

pairs

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

(2)

%

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

(6)

(Total for Question 5 = 10 marks)



6 (a) State **one** example of a cash inflow for *Adikoggz*.

(1)

(b) Outline **one** benefit to Keilan from producing a business plan for *Adikoggz*.

(2)

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)

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(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, look at Figure 3 and read Extract B, then answer Question 7.

- 7 (a) State **one** example of a fixed cost for *PFC*.

(1)

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

Region	% membership
Scotland	15%
North east	15%
North west	16%
Yorkshire	16%
East Midlands	12%
West Midlands	13%
Wales	13%
South west	10%
South east	13%
London	18%

(Source: adapted from Yougov survey 2022)

Table 3

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

(1)

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

(2)



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)

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- (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)



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(Total for Question 7 = 25 marks)

TOTAL FOR SECTION C = 25 MARKS
TOTAL FOR PAPER = 90 MARKS

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Source Booklet

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SECTION B

Look at Figure 2 and read Extract A, then answer Questions 4, 5 and 6.

Extract A

Adikoggz is a small business based in Leeds. It offers the customising of trainers. It was set up by Keilan Kogut in 2018. The business designs personalised trainers including those associated with the colours and images of football teams or music bands. Customers can either supply their own trainers to be customised or pay *Adikoggz* to source and design a new pair of trainers to meet their needs. *Adikoggz* charges up to £200 for a new pair of customised trainers. It also offers a service to deep clean trainers. The price for this is £20.



(Source: © Jonathan Day / Alamy Stock Photo)

Figure 2

The business started as a hobby but after showing off the designs on social media platforms such as Facebook and Instagram, Keilan started to receive follower requests asking him to customise or source unique styles of trainers. This gave him the inspiration to start *Adikoggz* and the business now receives orders from all over the world.

Keilan still carries out much of the work himself, but the growing number of orders has led him to struggle to keep up with demand. He now employs four people to help him with customisations. However, he still feels that the USP of *Adikoggz* is the personalised service it offers and that every customer will receive a unique product at the end of the process.

(Source: adapted from <https://www.adikoggz.com/> and <https://www.facebook.com/adikoggz>)

SECTION C

Look at Figure 3 and read Extract B, then answer Question 7.

Extract B



(Source: © Stefan Dahl Langstrup / Alamy Stock Photo)

Figure 3

Performance Fitness Centre (PFC) is an independent gym and fitness studio. It has been open for seven years and has over 200 members. Members pay a fee of £39 per month for unlimited access to the gym and fitness classes that take place five days per week. Non-members can also pay to use the gym for each individual session they attend.

The gym at *PFC* is stocked with high specification equipment and weight machines. As a result, it has become very popular with customers interested in maintaining a high level of personal fitness. It has an equal number of male and female customers, but the owner has noticed that there is a lower number of members from people aged over 50. He believes that this may be because they feel out of place amongst the younger membership.

Over the past year a new gym that is part of a large national chain has opened nearby. It is much larger and membership fees at the new gym are only £19 per month. *PFC* has seen a reduction in new members joining the gym and is now considering what it can do to compete with its larger and cheaper rival. Its current members are loyal and enjoy the high quality offered at *PFC*.

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