

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

Total Marks

Business

Paper 1: Investigating small business

Thursday 21 May 2020 – Afternoon

Time: 1 hour 30 minutes plus your additional time allowance.

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

Calculators may be used.

YOU WILL BE GIVEN

Data Book

INSTRUCTIONS

Answer ALL questions.

Answer the questions in the spaces provided in this Question Paper or in the Data Book – there may be more space than you need.

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 is an example of a reward from business activity?

Select ONE answer.

- A Financial loss
- B Increased overheads
- C Independence
- D Lack of security

Answer

(1 mark)

(continued on the next page)

1. continued.

(b) Which ONE of the following is a definition of market share?

Select ONE answer.

- A** Market research that can be collected and analysed
- B** The proportion of sales in a market made by one business
- C** The total amount of money from business sales
- D** A group of people who discuss their views on a product

Answer

(1 mark)

(continued on the next page)

Turn over

1. continued.

(c) Explain ONE benefit to a small business from having a unique selling point.

(3 marks)

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Turn over

1. continued.

(d) Explain ONE advantage to a small business of using trade credit as a source of finance.

(3 marks)

[illegible]

(Total for Question 1 = 8 marks)

Turn over

2. (a) Which TWO of the following are examples of secondary market research?

Select TWO answers.

A Focus group

B Internet

C Market report

D Observation

E Survey

Answers

(2 marks)

(continued on the next page)

2. (b) Which TWO of the following are examples of variable costs?

Select TWO answers.

- A Advertising
- B Insurance
- C Packaging
- D Raw materials
- E Rent

Answers

(2 marks)

(continued on the next page)

2. continued.

Look at the table for Question 2(c) in the Data Book. It contains information about cash payments of a small business in one month. The business sold 200 units in this month. All customers paid in cash.

(c) Using the information in the table, calculate the net cash flow for this month

You are advised to show your workings.

(2 marks)

£ _____

(continued on the next page)

Turn over

2. continued.

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

(3 marks)

(continued on the next page)

Turn over

2. continued.

(e) Explain ONE way the marketing mix of a small business may change due to changing consumer needs.

(3 marks)

[illegible]

(Total for Question 2 = 12 marks)

Turn over

3. (a) Which ONE of the following is a characteristic of a sole trader?

Select ONE answer.

- A They require a business qualification
- B They have unlimited liability
- C They can sell shares to raise finance
- D They do not employ staff

Answer

(1 mark)

(continued on the next page)

3. continued.

Look at the diagram for Question 3(b) in the Data Book. It shows the total costs for a business between May and July.

(b) Using the information in the diagram, calculate the percentage change in total costs between May and July. You are advised to show your workings.

(2 marks)

_____ %

(continued on the next page)

Turn over

3. continued.

(c) Explain ONE reason why new business ideas come about.

(3 marks)

(continued on the next page)

Turn over

3. continued.

(d) Explain ONE advantage to a small business of using market mapping.

(3 marks)

(continued on the next page)

Turn over

3. continued.

(e) Discuss how the decision making of a small business may be affected by increased competition.

(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.

Read the extract for Section B in the Data Book before answering Questions 4, 5 and 6.

Write your answers in the spaces provided.

4. (a) Outline ONE reason why cash would be important to **On Your Bike**.
(2 marks)

(continued on the next page)

4. continued.

(b) Analyse the impact on **On Your Bike** of customers using social media to review the business.

(6 marks)

Answer lines continue on the next page.

4. (b) continued.

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(Total for Question 4 = 8 marks)

Turn over

5. Look at the table for Question 5 in the Data Book.

On Your Bike has made the forecasts shown for the costs and sales of its bikes for **2021**.

(a) Using the information in the table, calculate the selling price per bike.

You are advised to show your workings.

(2 marks)

£ _____

(continued on the next page)

Turn over

5. continued.

(b) Using the information in the table, calculate the profit **On Your Bike** is forecast to make from selling bikes in **2021**. You are advised to show your workings.

(2 marks)

£ _____

(continued on the next page)

5. continued.

The owners of **On Your Bike** want to lower the break even level of output and have decided to do this by reducing costs.

(c) Analyse the impact on **On Your Bike** of reducing costs in order to lower its break even level of output.

(6 marks)

Answer lines continue on the next page.

Turn over

5. (c) continued.

[illegible]

(Total for Question 5 = 10 marks)

Turn over

6. (a) State ONE market segment that **On Your Bike** has targeted.

(1 mark)

(continued on the next page)

6. continued.

(b) Outline ONE impact on **On Your Bike** of an increase in the value of the pound.

(2 marks)

(continued on the next page)

6. continued.

To expand its business in response to the growth in the cycling market, **On Your Bike** is considering two options:

Option 1: open a second shop

Option 2: start to use e-commerce on its website.

(c) Justify which **ONE** of these two options **On Your Bike** should choose.

(9 marks)

Answer lines continue on the next two pages.

Turn over

6. (c) continued.

[illegible]

Turn over

6. (c) continued.

[illegible]

(Total for Question 6 = 12 marks)

TOTAL FOR SECTION B = 30 MARKS

Turn over

SECTION C

Answer ALL questions.

Read the extract for Section C in the Data Book carefully and then answer Question 7.

Write your answers in the spaces provided.

7. (a) State ONE stakeholder of **Loco**.
(1 mark)

(continued on the next page)

7. continued.

Look at the table for Question 7(b) in the Data Book.
It shows the interest rate paid on savings between
2014 and 2017.

(b) Using the information in the table, identify the
best year for **LOCO** to save any retained profit it
may have.

(1 mark)

(continued on the next page)

7. continued.

- (c) Outline ONE way that a business plan could have helped Joe Thwaites when starting **Loco**.
(2 marks)

(continued on the next page)

7. continued.

In order to make improvements to the business,
LOCO is considering two options:

Option 1: introduce a digital payment system e.g.
PayPal

Option 2: hold online meetings using digital
communication.

(d) Justify which **ONE** of these two options **LOCO**
should choose.

(9 marks)

Answer lines continue on the next two pages.

7. (d) continued.

[illegible]

Turn over

7. (d) continued.

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Turn over

7. continued.

(e) Evaluate the extent to which LOCO will be able to compete with large manufacturers of SUPs.

You should use the information provided as well as your knowledge of business.

(12 marks)

Answer lines continue on the next four pages.

[illegible]

7. (e) continued.

[illegible]

Turn over

7. (e) continued.

[illegible]

Turn over

7. (e) continued.

[illegible]

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
