

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

Total Marks

Business
Paper 1: Investigating small business

Friday 24 May 2019 – Morning

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					

You do not need any other materials.

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.

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.

There may be spare copies of some data sheets.

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 a short-term source of finance?

Select ONE answer.

A Retained profit

B Share capital

C Trade credit

D Venture capital

Answer

(1 mark)

(continued on the next page)

1. continued.

(b) Which ONE of the following is a definition of an exchange rate?

Select ONE answer.

- A** The flow of goods and services into a country
- B** The value of one currency in terms of another currency
- C** A tax on a particular good or service
- D** When businesses operate on an international scale

Answer

(1 mark)

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Turn over

1. continued.

(c) Explain ONE benefit to an entrepreneur of buying a franchise to start a business.

(3 marks)

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1. continued.

(d) Explain ONE way a small business could use market segmentation to target customers.

(3 marks)

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(Total for Question 1 = 8 marks)

Turn over

2. (a) Which TWO of the following are elements of the marketing mix?

Select TWO answers.

A Payment

B Planning

C Price

D Product

E Profit

Answers

(2 marks)

(continued on the next page)

Turn over

2. continued.

(b) Which TWO of the following areas are covered by employment law?

Select TWO answers.

A Consumer rights

B Discrimination

C E-commerce

D Health and safety

E Quality of products

Answers

(2 marks)

(continued on the next page)

Turn over

2. continued.

**Look at Table 1 for Question 2(c) in the Data Book.
It contains information about a small business for
one month.**

The business sold 340 units in this month.

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

(2 marks)

£ _____

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Turn over

2. continued.

(d) Explain ONE possible non–financial aim an entrepreneur may have when starting a small business.

(3 marks)

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Turn over

2. continued.

(e) Explain ONE disadvantage to a small business of using qualitative data for market research.

(3 marks)

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(Total for Question 2 = 12 marks)

Turn over

3. (a) Which ONE of the following is an example of a cash outflow for a small business?

Select ONE answer.

- A Bank loan
- B Personal savings
- C Raw materials
- D Receipts

Answer

(1 mark)

(continued on the next page)

3. continued.

**Look at Figure 1 for Question 3(b) in the Data Book.
It shows information about the financial
performance of a business from January to March.**

- (b) Using the information in Figure 1, calculate the
total profit for the period January to March.
You are advised to show your workings.
(2 marks)**

£ _____

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Turn over

3. continued.

(c) Explain ONE benefit to a small business of understanding customer needs.

(3 marks)

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3. continued.

(d) Explain ONE reason why it is important to include financial information in a business plan.

(3 marks)

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3. continued.

(e) Discuss the importance of cash to the survival of a small business.

(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.

Look at the information for Questions 4 to 6 in the Data Book.

Write your answers in the spaces provided.

4. (a) Outline ONE risk taken by the owners when starting **Last Course Patisserie**.

(2 marks)

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4. continued.

(b) Analyse the impact on Last Course Patisserie of operating as a private limited company.

(6 marks)

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4. (b) continued.

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(Total for Question 4 = 8 marks)

5. Look at Table 2 for Question 5 in the Data Book. It shows **Last Course Patisserie's** financial information for the month of April.
- (a) Using the information in Table 2, calculate the level of output required to break–even in April. You are advised to show your workings.
- (2 marks)

_____ desserts

(continued on the next page)

Turn over

5. continued.

In May suppliers increased the cost of raw materials by 4%

(b) Using the information in Table 2, calculate the variable cost per dessert following the increase in the cost of raw materials.

(2 marks)

£ _____

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Turn over

5. continued.

UK consumer incomes are expected to rise over the next 10 years.

(c) Analyse the likely impact on **Last Course Patisserie** of this changing level of consumer income.

(6 marks)

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5. (c) continued.

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(Total for Question 5 = 10 marks)

Turn over

6. The new head chef carried out secondary market research to identify information about the food market.

(a) State ONE benefit to **Last Course Patisserie** of conducting secondary market research.

(1 mark)

(continued on the next page)

6. continued.

(b) Outline ONE impact on a stakeholder group of
Last Course Patisserie if it relocates to
new premises.

(2 marks)

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Turn over

6. continued.

In order to increase the number of desserts that can be produced to meet the extra demand, **Last Course Patisserie** is considering two options:

Option 1: investing in new machinery

Option 2: employing more staff.

(c) Justify which **ONE** of these two options **Last Course Patisserie** should choose.

(9 marks)

Answer lines continue on the next two pages.

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.

**Look at the information and Figure 2 for
Question 7 in the Data Book.**

Write your answers in the spaces provided.

7. (a) State ONE way **Aphrodite** could use social media.

(1 mark)

Look at Table 3 for Question 7(b) in the Data Book.
It shows the value of the pound (£) in euros (€)
from June to September.

(b) Identify, from Table 3, which month was best for **Aphrodite** to import clothes from Paris.

(1 mark)

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Turn over

7. continued.

(c) Outline ONE reason why **Aphrodite's** range of stock could give it an advantage over its competitors.

(2 marks)

(continued on the next page)

7. continued.

To pay for the conversion of the premises,
Aphrodite is considering two options:

Option 1: obtaining a bank loan

Option 2: crowd funding.

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

(9 marks)

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7. (d) continued.

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7. (d) continued.

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7. continued.

- (e) Evaluate the impact of e-commerce on **Aphrodite's** marketing mix. You should use the information provided as well as your knowledge of business.

(12 marks)

Answer lines continue on the next four pages.

Turn over

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
