

Write your name here

Surname

Other names

Centre Number

Candidate Number

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

Business

Paper 1: Investigating small business

Sample assessment material for first teaching
September 2017

Time: 1 hour 30 minutes

Paper Reference

1BS0/01

You do not need any other materials.

Total Marks

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 each section.
- Answer the 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.

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 an example of a variable cost?

Select **one** answer:

(1)

- A** Rent
- B** Raw materials
- C** Insurance
- D** Advertising

(b) Which **one** of the following describes the role of an entrepreneur?

Select **one** answer:

(1)

- A** Being employed by a large organisation
- B** A willingness to take risks
- C** Having sufficient money to start a new business
- D** Being able to work alone

(c) Explain **one** benefit to a business of using a market map.

(3)

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(d) Explain **one** disadvantage to a sole trader of having unlimited liability.

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(Total for Question 1 = 8 marks)

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2 (a) Which **two** of the following are examples of primary market research?

Select **two** answers:

(2)

- A** Internet research
- B** Market reports
- C** Customer survey
- D** Government statistics
- E** Focus group

(b) Which **two** of the following are examples of services?

Select **two** answers:

(2)

- A** Train journey
- B** Magazine
- C** Headphones
- D** Haircut
- E** Mobile phone

The table below shows the cash-flow forecast for a small business.

(c) Complete the table with the **two** missing figures.

(2)

	August (£)	September (£)
Receipts	17 400	21 770
Raw materials	8 050	9 340
Fixed costs	2 120	2 340
Total payments	10 170	(ii)
Net cash flow	(i)	10 090
Opening balance	5 300	12 530
Closing balance	12 530	22 620

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(d) Explain **one** method a business could use to add value to its product.

(3)

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(e) Explain **one** reason why an entrepreneur would produce a business plan.

(3)

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(Total for Question 2 = 12 marks)

- 3 (a) Which **one** of the following is an example of a non-financial objective for an entrepreneur starting a new business?

Select **one** answer:

(1)

- A** Survival
- B** Profit
- C** Market share
- D** Independence

- (b) Using the information below calculate the total costs for the business. You are advised to show your workings.

Number of units sold: 240

Fixed costs: £1 100

Variable costs per unit: 45 pence

(2)

£

- (c) Explain **one** possible conflict that can exist between stakeholders of a business.

(3)

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SECTION B

Answer ALL questions.

Look at Figures 1 and 2, read the following extract carefully, then answer Questions 4, 5 and 6.

Write your answers in the spaces provided.

Neil and Sue Chatterton own and run *Meringue* bakery and cafe. This is located close to a town centre and has lots of passing trade. *Meringue* produces high-quality bread and pastries using traditional methods and high-quality ingredients. Since opening 12 months ago sales have grown strongly. At busy times a queue builds up at the counter as customers wait to pay. Online reviews indicate that this is something that needs to improve.

Neil and Sue are now planning to make greater use of technology to promote the business, and to reduce the time that customers have to wait to pay their bills.



Figure 1

The website has been redesigned to allow customers to order their food before they arrive at the cafe. A contactless payment system will allow customers to pay securely by tapping their smart phones on a reader.

Figure 2 shows a TripAdvisor® review for *Meringue*:



borrowedtheboots
derbyshire

Level 5 Contributor

57 reviews

27 restaurant reviews

46 helpful votes

“Very good but.....”

Reviewed 21 October 2013

Excellent food and very friendly staff. This was our first visit and we were made to feel very welcome. Our only complaint, and the reason why we didn't award 5 stars, is due to the time it took to pay for our food when we had finished. Long queue and only one till! Took us 20 minutes...

More ▾

Helpful?

Thank borrowedtheboots

Report

Figure 2

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5 As a result of the queues in the shop, Neil and Sue have decided to implement a contactless payment system at *Meringue*.

(a) Outline **one** impact on *Meringue* of lengthy queues as customers wait to pay.

(2)

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The cost of the contactless payment system is £4 500. Neil and Sue plan to borrow the money from their bank. They will repay the loan over three years. Their monthly repayment is £136.50.

(b) Calculate the total interest Neil and Sue will pay for this loan as a percentage of the total amount borrowed. You are advised to show your workings.

(2)

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(c) Analyse the impact on *Meringue* of using a bank loan to pay for the contactless payment system.

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(Total for Question 5 = 10 marks)

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- 6 Neil and Sue have produced the following break even diagram, showing the costs and revenue for their business.

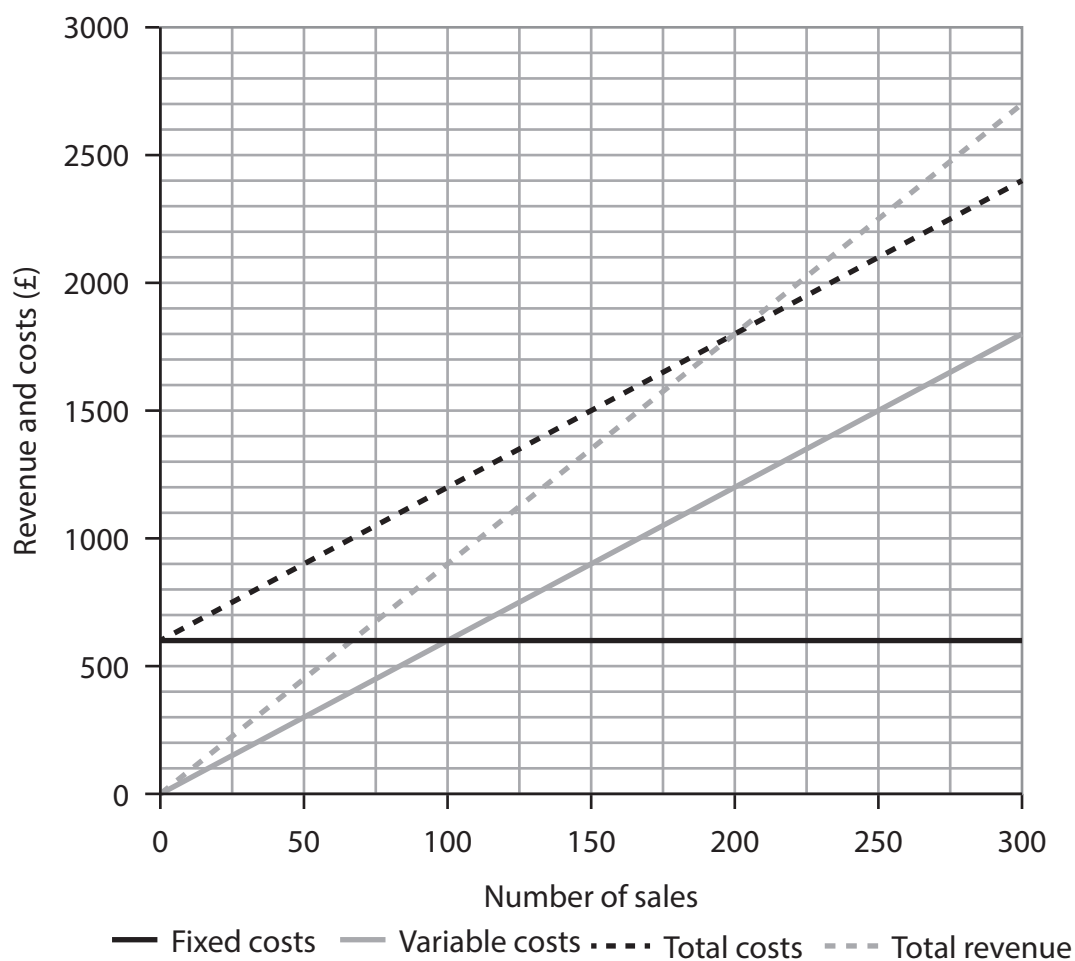


Figure 3

- (a) Identify the total number of sales that Neil and Sue will need to break even. (1)
-
- (b) Identify the profit made by *Meringue*, by shading the correct region of the graph in Figure 3. (1)
- (c) State one benefit to *Meringue* of having a low break even level of output. (1)
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SECTION C

Answer ALL questions.

Look at Figures 4, 5 and 6, read the following extract carefully, then answer Question 7.

Write your answers in the spaces provided.

Sally is a fitness instructor at a local sports centre (Figure 4). She is now considering setting up her own business as a personal trainer (Figure 5). Sally's research shows that people are more interested in health and fitness. Although there are a number of gyms in her local area, there are not many personal trainers.



Figure 4



Figure 5

	Price per hour session	Strength	Weakness
Competitor 1: 'Vitality' personal instructor	£22	Experienced personal trainer with good local reputation	Operates in only a small geographical area
Competitor 2: 'Bootcamp' personal trainer	£220 for an 11-session block	Ex-soldier using military training methods	Limited number of training methods used

Figure 6

Sally will charge £25 per hour. She is flexible in terms of the location of her customers and will travel within a 10-mile radius. She hopes to attract a younger market segment by using social media and online promotion. She aims to differentiate her service in a number of ways:

- Using social media to communicate directly with her customers, offering daily motivational reminders.
- Filming parts of the customer's training session and posting it online for them to evaluate their performance on their own device.

Sally is currently well paid and has saved up enough money to start up on her own. She is considering buying a franchise. There are a number of national franchise operators that she could use. However, she is concerned about the current economic climate. She has seen reports that unemployment is rising and that consumer incomes are falling.

7 (a) State **one** risk that Sally faces in starting this business. (1)

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(b) Identify which of Sally's competitors is the most expensive per hour. (1)

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(c) Outline **one** way in which the economic climate might impact on Sally's business. (2)

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Sally is considering whether or not to buy a franchise to start up on her own.

(d) Justify whether or not Sally should buy a franchise.

(9)

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(e) Evaluate whether Sally's business idea is likely to be a success. 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