

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

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

Thursday 18 May 2023

Afternoon (Time: 1 hour 45 minutes)

Paper
reference

1BS0/01

Business

PAPER 1: Investigating small business

You must have:

Source Booklet (enclosed)

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** 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 could market mapping be used for? (1)

Select **one** answer.

- A Identifying how many customers there are in a market
- B Identifying how many employees work in a business
- C Spotting where there is a gap in the market
- D To identify the location of a business

- (b) Which **one** of the following is an impact of a decrease in interest rates? (1)

Select **one** answer.

- A Businesses will borrow less money
- B Customers will borrow less money
- C Customers will borrow more money
- D Repayments on loans should go up

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(c) Explain **one** advantage of starting a business as a private limited company.

(3)

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(d) Explain **one** way the internet may affect where a small business chooses to locate.

(3)

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(Total for Question 1 = 8 marks)

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2 (a) Which **two** of the following are examples of customer needs?

(2)

Select **two** answers.

- A Choice
- B Profit
- C Quality
- D Risk
- E Taxation

(b) Which **two** of the following are roles of an entrepreneur?

(2)

Select **two** answers.

- A Going to university
- B Organising resources
- C Personal satisfaction
- D Taking risks
- E To be a sole trader

Table 1 contains information about a small business.

Fixed costs	£10 000
Variable cost	£2.50 per unit
Selling price	£5.00 per unit
Break even level of output	4,000 units

Table 1

The business increases the selling price of its product to £6.50 per unit.

(c) Using the information in Table 1, calculate the decrease in the break even level of output. You are advised to show your workings.

(2)

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(d) Explain **one** way a small business could become more competitive.

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(e) Explain **one** advantage to a small business of meeting its legal obligations.

(3)

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(Total for Question 2 = 12 marks)

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3 (a) Which **one** of the following could a small business use to add value?

(1)

Select **one** answer.

- A** Locate in a convenient place
- B** Pay a higher rate of taxation
- C** Reduce its cash inflows
- D** Use a long-term source of finance

Figure 1 shows the number of units sold per month by a business from February to April. The selling price for each unit was £5.20

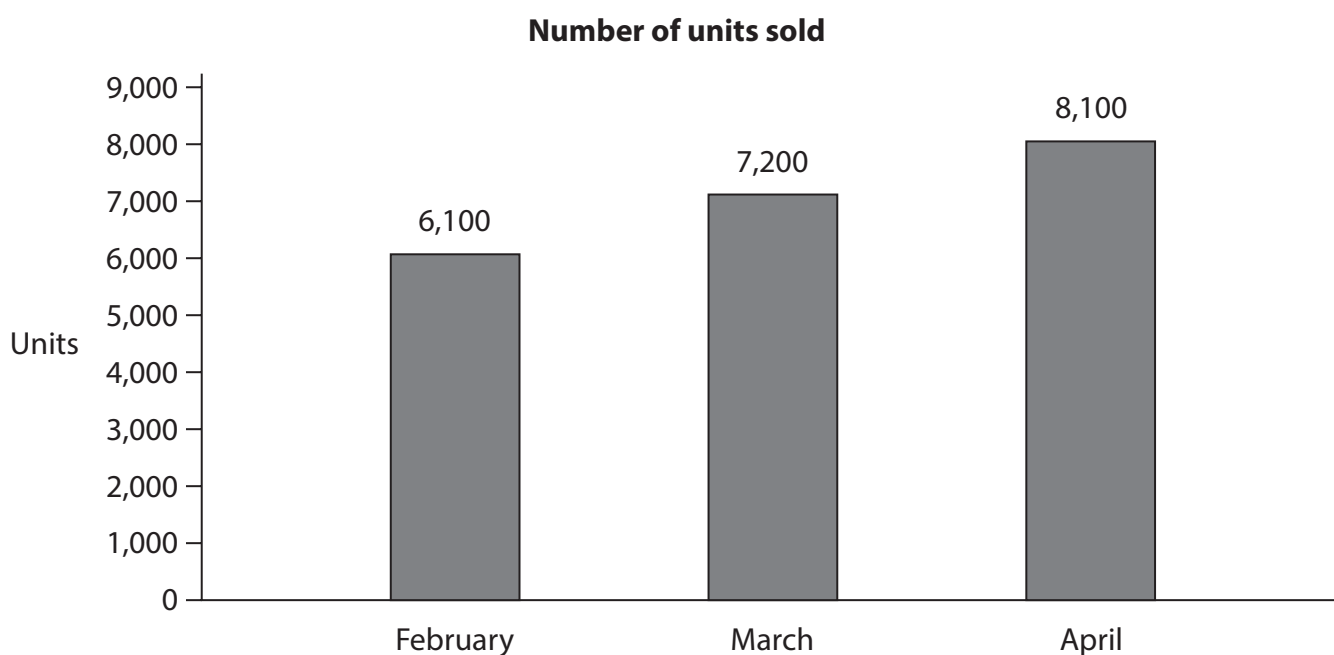


Figure 1

(b) Using the information in Figure 1, calculate the revenue for March. You are advised to show your workings.

(2)

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(c) Explain **one** disadvantage to a small business of not paying its employees on time.

(3)

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(d) Explain **one** advantage to a small business from using retained profit as a source of finance.

(3)

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(e) Discuss the impact on a small business from adapting existing products to develop new business ideas.

(6)

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(Total for Question 3 = 15 marks)

TOTAL FOR SECTION A = 35 MARKS

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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** way that financial information in a business plan could help *Lili Heating Ltd.*

(2)

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(b) Analyse the impact of non-financial aims on Amelia's decision to start *Lili Heating Ltd.*

(6)

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(Total for Question 4 = 8 marks)



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5 Table 2 shows forecasts from the business plan for month one of *Lili Heating Ltd*.

Cash inflows	Cash outflows	Opening balance
£8 600	£11 000	£4 000

Table 2

(a) Using the information in Table 2, calculate *Lili Heating Ltd's* forecasted closing balance at the end of month one. You are advised to show your workings.

(2)

£



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As part of her market research Amelia collected quantitative research from the Birmingham City Council website. Some of this information can be seen in Table 3.

BIRMINGHAM			
2019 Population by five-year age groups			
Age	Males	Females	Total
30–34	41,500	41,200	82,700
35–39	37,600	38,600	76,200
40–44	33,300	33,700	67,000
45–49	33,000	33,700	66,700
50–54	32,000	33,500	65,500

Table 3

(Source: adapted from https://www.birmingham.gov.uk/downloads/file/10293/2017_birmingham_population_tool)

- (b) Using the information in Table 3, calculate to 2 decimal places, the percentage of people in the age group 45–49 that are female. You are advised to show your workings.

(2)

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6 (a) State **one** element of the marketing mix, other than price, for *Lili Heating Ltd*. (1)

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(b) Outline **one** reason why the government would want *Lili Heating Ltd* to be successful. (2)

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In order to make the business more successful, *Lili Heating Ltd* is considering two options:

Option 1: offer a discounted price to female customers

Option 2: use social media to promote the business.

(c) Justify which **one** of these two options *Lili Heating Ltd* 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 risk for an investor in *Ripple*.

(1)

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Table 4 shows the percentage of different energy types used to produce electricity in the UK in 2018 and 2019.

2018		2019	
Type of energy	% of use	Type of energy	% of use
Gas	39.4	Gas	40.6
Renewables	33.3	Renewables	37.1
Nuclear	19.5	Nuclear	17.3
Coal	5.0	Coal	2.2
Oil	2.8	Oil	2.8

Table 4

(Source: adapted from <https://smarterbusiness.co.uk/blogs/where-does-the-uk-energy-supply-come-from/>)

- (b) Using the information in Table 4, identify which type of energy use declined the most between 2018 and 2019.

(1)

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(c) Outline **one** benefit to customers from *Ripple* asking questions to identify its customer needs.

(2)

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In order to help small businesses, such as *Ripple*, become successful the UK government is considering two options:

Option 1: reduce the tax paid by small businesses

Option 2: provide free training if businesses recruit new employees.

(d) Justify which **one** of these two options would have the most significant impact on the success of *Ripple*.

(9)

Area with horizontal dotted lines for writing the answer.



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(e) Evaluate the importance of price in *Ripple's* marketing mix. 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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SECTION B

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

Extract A



(Source: © Shutterstock)

Figure 2

Amelia Cooper trained as a plumber six years ago. Since then she has worked for a building company that carries out repairs to houses and business premises in the Birmingham area.

Amelia is now in a position where she wants to start her own plumbing business called *Lili Heating Ltd*. Even though there are many plumbers in the Birmingham area Amelia feels she has a unique selling point – she is a woman. Many female customers feel that they can relate more closely with a woman doing repairs in their homes.

As part of her business plan, Amelia has identified some clear aims and objectives and conducted a large amount of market research using the internet. Her target market requires clear advice on what work needs to be done and how much she will charge. Amelia also thinks she can cut down on advertising costs by getting her customers to recommend *Lili Heating Ltd* to their friends and families. For this to happen she knows that her work must be of the highest standard.

Amelia's business plan also included a wide range of financial information to help her forecast the potential success of the business and see if she would need an overdraft.

SECTION C

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

Extract B



(Source: © fokke baarsen/Shutterstock)

Figure 3

Ripple is an energy company aimed at providing green and renewable energy to homes and businesses across the UK. It is the country's first consumer-owned wind farm, generating green energy that does not have a damaging effect on the environment. Instead of customers paying *Ripple* to supply them with energy they become members of the business and buy a part of a wind farm located in a remote area of South Wales. Customers are then supplied with energy to their homes based on the amount of money they invested. The amount of money that customers can invest varies on their energy needs, but *Ripple* claims that it can supply energy cheaper than its competitors.

The process of becoming a member is very simple. Firstly, *Ripple* will ask customers a few questions to identify their energy needs. It will then create a green energy plan to establish how much each customer should invest into the wind farm. *Ripple* manages the wind farm and provides energy to each customer's home or business.

Ripple's business plan fits in with the UK government's cleaner energy strategy. This strategy includes plans for the country to have net zero carbon emissions by 2050 and to create 220,000 new jobs in the green energy sector of the economy.

(Source: adapted from <https://rippleenergy.com/>)

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