

Please check the examination details below before entering your candidate information

Candidate surname

Other names

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

Centre Number

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Candidate Number

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Time 1 hour 30 minutes

**Paper
reference**

1BS0/01

Business

PAPER 1: Investigating small business

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.
- Answer **all** questions.
- 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.
- Good luck with your examination.

Turn over ►

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Pearson

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 long-term source of finance? (1)

Select **one** answer.

- A Overdraft
- B Revenue
- C Trade credit
- D Venture capital

(b) Which **one** of the following could be used to identify customer needs? (1)

Select **one** answer.

- A Business idea
- B Business objectives
- C Market research
- D Marketing mix

(c) Explain **one** drawback to a business of having low levels of cash. (3)

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(d) Explain **one** way an entrepreneur can reduce the risk of failure when starting a new business.

(3)

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(Total for Question 1 = 8 marks)

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2 (a) Which **two** of the following can be interpreted from a break even diagram?

(2)

Select **two** answers.

- A** Insolvency
- B** Margin of safety
- C** Market share
- D** Net cash flow
- E** Profit

(b) Which **two** of the following are types of technology that could be used by a business?

(2)

Select **two** answers.

- A** Consumer law
- B** Crowd funding
- C** Digital communication
- D** Marketing mix
- E** Payment systems

Table 1 shows the cash-flow forecast for a small business.

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

(2)

	May (£)	June (£)
Cash inflows	12 600	13 400
Cash outflows	8 200	9 100
Net cash flow	4 400	(ii)
Opening balance	600	5 000
Closing balance	(i)	9 300

Table 1



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(d) Explain **one** reason why an entrepreneur may adapt an existing product to come up with a new business idea.

(3)

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(e) Explain **one** disadvantage to a small business of using a focus group to collect market research data.

(3)

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(Total for Question 2 = 12 marks)



3 (a) Which **one** of the following is a disadvantage of starting a partnership?

(1)

Select **one** answer.

- A** Business owners have different skills
- B** Can be easier to raise finance
- C** Business decisions affect all partners
- D** Financial information is kept private

Figure 1 shows the sales revenue of a business from January to April.

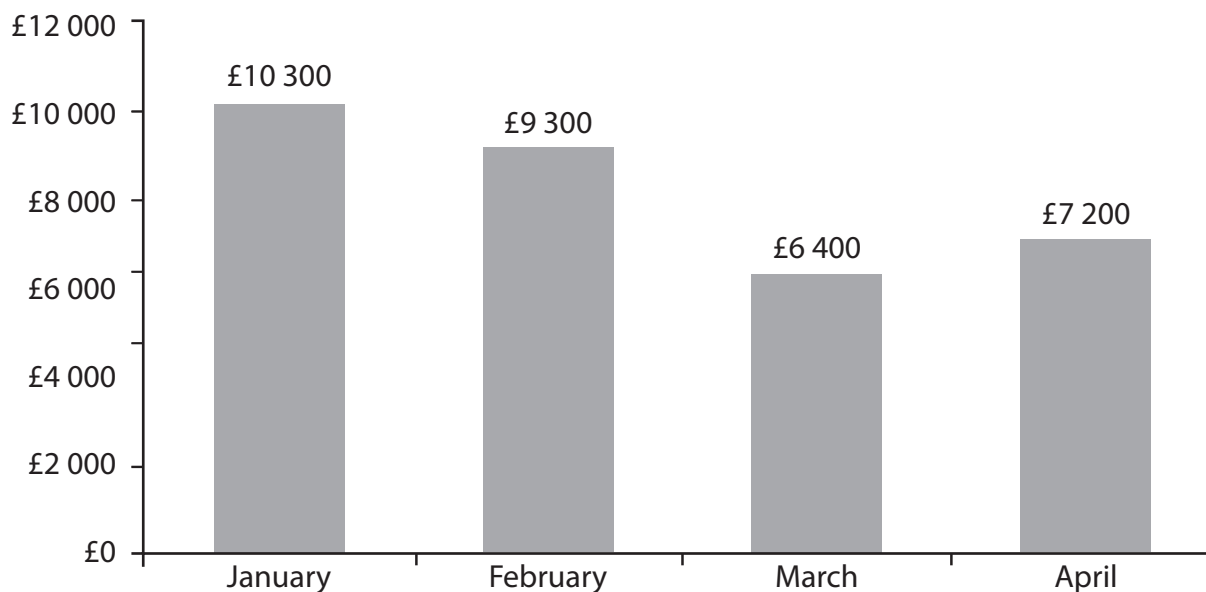


Figure 1

(b) Using the information in Figure 1, calculate, to 2 decimal places, the percentage decrease in sales revenue from January to March. You are advised to show your workings.

(2)

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(c) Explain **one** disadvantage to a small business of an increase in interest rates.

(3)

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(d) Explain **one** disadvantage to a small business of manufacturing a high quality product.

(3)

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SECTION B

Answer ALL questions.

Read the following extract before answering Questions 4, 5 and 6.

Write your answers in the spaces provided.

Sports Tours Ltd was established in 1989 and is one of the leading online specialist sports tour operators in the United Kingdom. It arranges tours for teams to destinations in the United Kingdom and Europe in sports such as football, rugby, hockey and netball. The business not only organises travel, accommodation and meals, but it also arranges games and entry to tournaments for the sports team whilst on tour.



(Source: Mike Flippo/Shutterstock)

Sports Tours Ltd has very high standards. It carries out full risk assessments for all tours including possible pre-tour inspection visits. Tours are licensed and authorised through official agencies. All tours have regular contact with a member of staff from *Sports Tours Ltd*.

In recent years the business has faced increasing competition. This is not only from other sports tour operators but also from teams organising their own tours. Changing levels of consumer income and exchange rates have also had an impact on demand for tours by sports teams.

Sports Tours Ltd are confident that the high level of service they offer will help them to remain competitive. However, it is always looking for more ways to add value to its business activities.

(Source: adapted from <https://www.sports-tours.co.uk/about>)



4 (a) Outline **one** way that *Sports Tours Ltd* meets customer needs.

(2)

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(b) Analyse the impact of the internet on the location of *Sports Tours Ltd's* premises.

(6)

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(Total for Question 4 = 8 marks)



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Sports Tours Ltd has been organising football tours to Munich, Germany since 2010. The price of a hotel room in Munich in 2010 was €100.

5 Table 2 shows the value of the pound (£) in euros (€) in June 2010 and June 2019.

	Number of euro (€) per pound (£)
June 2010	1.23
June 2019	1.13

Table 2

(a) Using the information in Table 2, calculate, to 2 decimal places, the price in pounds (£) of a hotel room in 2010. You are advised to show your workings.

(2)

£

In 2019 the cost of a hotel room had increased to €130.

(b) Using the information in Table 2, calculate, to 2 decimal places, the price in pounds (£) of a hotel room in 2019. You are advised to show your workings.

(2)

£



6 (a) State **one** fixed cost that *Sports Tours Ltd* will need to pay.

(1)

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(b) Outline **one** likely impact of changing levels of consumer income on *Sports Tours Ltd*.

(2)

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In order to add value to its business activities *Sports Tours Ltd* is considering two options:

Option 1: using professional sports venues for tournaments

Option 2: providing teams with top class coaching when on tour.

(c) Justify which **one** of these two options *Sports Tours Ltd* should choose.

(9)

Area with horizontal dotted lines for writing the answer.



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(Total for Question 6 = 12 marks)

TOTAL FOR SECTION B = 30 MARKS

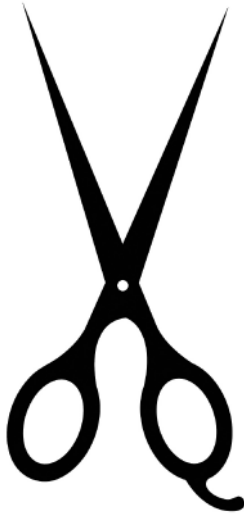


SECTION C

Answer ALL questions.

Read the following extract carefully and then answer Question 7.

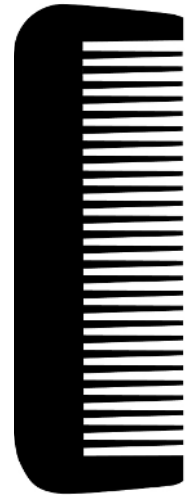
Write your answers in the spaces provided.



(Source: N 454 R/Shutterstock)



(Source: Flat_Enot/Shutterstock)



(Source: OnD/Shutterstock)

That Feeling is a unique barber shop in Potters Bar, Hertfordshire. Its owner, Justin Carr, started the business, aged 25, because of his passion for being a barber. When he left school after his GCSEs he was advised to follow a different career path. However, he wanted to work in a creative industry. This ambition led him to opening a barber shop where his regular customers include England international footballers such as Kyle Walker, Kieran Trippier and Dele Alli.

The unique nature of *That Feeling* not only comes from the high quality haircuts but also from the way it looks after its customers. They can play on arcade games and get drinks whilst waiting for their appointment. The shop also sells *That Feeling* branded clothes and vintage glasses frames.

When asked about his business objectives Justin was very clear that non-financial objectives are crucial. Justin stated:

'It is important to be passionate about what you do and always try to be the best you can. The financial rewards of running a business will come if you get the other things right.'

Justin now acts as a mentor to staff members at *That Feeling* by giving help and advice about their career. Most of the employees are aged between 19 and 22. Justin feels that if they are given the opportunity to develop their skills they will bring new ideas and creativity to the business.

(Source: adapted from <https://thatfeeling.co.uk/> and interview with Justin Carr 29/05/2019)



P 6 7 6 1 9 A 0 1 7 2 4

7 (a) State **one** example of a cash outflow for *That Feeling*.

(1)

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Figure 2 shows the age of entrepreneurs starting businesses in the UK since 2000.

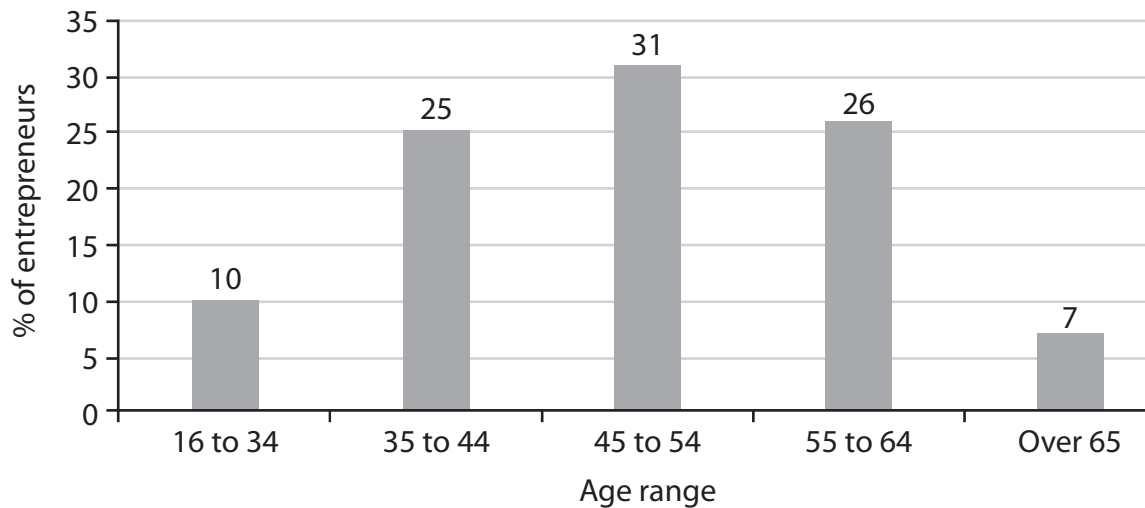


Figure 2

(Source: adapted from <https://startups.co.uk/the-average-entrepreneur/>)

(b) Using the information in Figure 2, identify what percentage of entrepreneurs were in the same age range as Justin when he started *That Feeling*.

(1)

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(c) Outline **one** benefit to employees at *That Feeling* from being mentored by Justin.

(2)

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In order to improve its brand awareness, *That Feeling* is considering two options:

Option 1: increase its range of own brand clothing

Option 2: open a second shop.

(d) Justify which **one** of these two options *That Feeling* should choose.

(9)

Area with horizontal dotted lines for writing the justification.



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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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