

Practice Papers for GCSE Edexcel Business

Theme 1: Investigating Small Business

Update v1.1, October 2022

zigzageducation.co.uk

POD
9402

Publish your own work... Write to a brief...
Register at publishmenow.co.uk

Follow us on Twitter [@ZigZagBusiness](https://twitter.com/ZigZagBusiness)

Contents

Product Support from ZigZag Education	ii
Terms and Conditions of Use	iii
Teacher's Introduction.....	1
Exam Paper Structure	2
Specification Coverage.....	5
Practice Paper A	6
Source Booklet.....	6
Write-on.....	9
Non-write-on	20
Mark Scheme: Paper A	25
Practice Paper B	36
Source Booklet.....	36
Write-on.....	39
Non-write-on	49
Mark Scheme: Paper B.....	54
Practice Paper C	65
Source Booklet.....	65
Write-on.....	68
Non-write-on	78
Mark Scheme: Paper C.....	83
Practice Paper D	95
Source Booklet.....	95
Write-on.....	97
Non-write-on	107
Mark Scheme: Paper D	111

Teacher's Introduction

This resource consists of four Paper 1/Theme 1 (1BS0/01) practice papers and mark schemes that can be used by teachers to prepare learners to be examined at the end of their Pearson Edexcel Level 1 / Level 2 GCSE (9–1) in Business (1BS0) course. The well-known saying suggests 'practice makes perfect' and hopefully the papers will help learners to perfect their exam skills which are particularly critical to meet the challenges of linear assessment. The qualification is assessed via two exams which are sat at the end of the course so ensuring students are familiar with the style and content of the papers is essential to prepare candidates with the best chance of securing pleasing results.

The papers are written to cover all of the Pearson Edexcel specification for Paper 1 which covers Theme 1 topic areas. They have been produced after a thorough assessment of the specimen papers produced by the exam board to ensure that the questions are written in a similar format, tone and style to those students will face in the real exam.

The author of the papers has a number of years' experience of teaching Business Studies for a range of qualifications from level 2 to level 7. The author is also an examiner for a major awarding body for GCSE and A Level Business Studies.

Using this resource

This resource can be used in a number of ways to help students to prepare for their GCSE exam. It can be used independently by students or as a teacher-led exercise. Here are a few suggestions.

Homework: The papers could be completed by students as homework tasks. Students could be given one or two sections to complete in the run-up to the exam, or alternatively the questions could be divided up and given to students as they progress through the various topics to review their learning.

In-class exam: The practice papers make ideal mock exams to complete under timed exam conditions as they are based on the format of the final exam. There is a mark scheme and suggested answers to accompany every question. The mock exam will then enable teachers to pinpoint the topics that students find challenging, review their exam technique / time management and tailor any intervention activities appropriately. The benefit of using these practice papers as mock exams is that the mark schemes are not in the public domain (unlike past and specimen papers produced by the exam boards which are posted on their website) so they give teachers a true picture of how students perform when tackling an unseen paper.

In class: The papers could be 'walked-through' in their entirety or divided up into sections to give the students guidance related to the requirements of an exam. Using the mark schemes, teachers can inform learners how marks are awarded and the difference between the levels on the extended mark questions.

Exam technique: The papers can be used to help students of all levels to enhance their exam technique. They can become familiar with what is required from an 'identify', 'calculate' and 'analyse' question so they are aware of the detail expected for each level of response. Students could complete a range of question styles and peer-mark their responses to the practice questions to give learners the opportunity to 'think like an examiner'.

Revision: When the learners are approaching their final exams, a whole practice paper could be given to students to complete. This technique may be particularly appropriate for over a holiday period, e.g. Easter or half term. When the students return from their holiday the teacher can mark the entire paper and also share the mark scheme with the students so they can see how their responses compare.

January 2019

Update v1.1, October 2022
Source book provided for extracts
Exam timing changed to 1hr45

Exam Paper Structure

The Pearson Edexcel Level 1 / Level 2 GCSE (9–1) in Business (1BS0) exams run for the qualification is linear, so students sit both exams in the summer of their final year.

The qualification is assessed via two papers, which are equally weighted to determine the final grade.

Theme 1: Investigating Small Business Written exam – 1 hour 45 minutes 90 marks 50% of final GCSE grade	+	Theme 2: Marketing and Finance Written exam – 1 hour 45 minutes 90 marks 50% of final GCSE grade
---	---	--

There are no optional papers in this qualification so all candidates must sit both papers for an award. There are also no higher and foundation tiers so all candidates entered will include differentiated questions aimed at top and lower grades.

Students have 1 hour and 45 minutes to complete the Theme 1: Investigating Small Business exam worth 90 marks overall and contributes 50% of the overall GCSE grade.

The paper is divided into three sections.

The first section consists of a range of multiple-choice and short-answer questions. These are not based on a lengthy case study regarding a named business but they focus on a business context. Context may be provided to support candidates to answer the questions. There are also questions included in this section which assess quantitative skills.

The second and third sections are based on separate case study examples. Students are given the case study to a question thoroughly before planning any answer. Answers should be based on the information given in the case study.

The case study examples used in the exam are based on a range of business contexts, including larger business organisations operating in a range of markets. The exam requires business subject knowledge from throughout the specification to formulate answers. Candidates should use the business context given. Students who score the highest marks for the case study questions are those who use their answers to the case study situation rather than offer generic responses, e.g. 'use internal recruitment techniques to appoint the new bakery supervisor because this means that it is likely to have a number of experienced bakers who are suitable for the job' or 'the specialist products made for its niche market' will gain more marks than 'to fill the job vacancies using internal recruitment methods'. All information is included within the case study and the examiner wants to see that candidates can take all relevant information from the case study and apply their business knowledge. The exam is an opportunity for the best students to showcase their ability to apply all aspects of the specification.

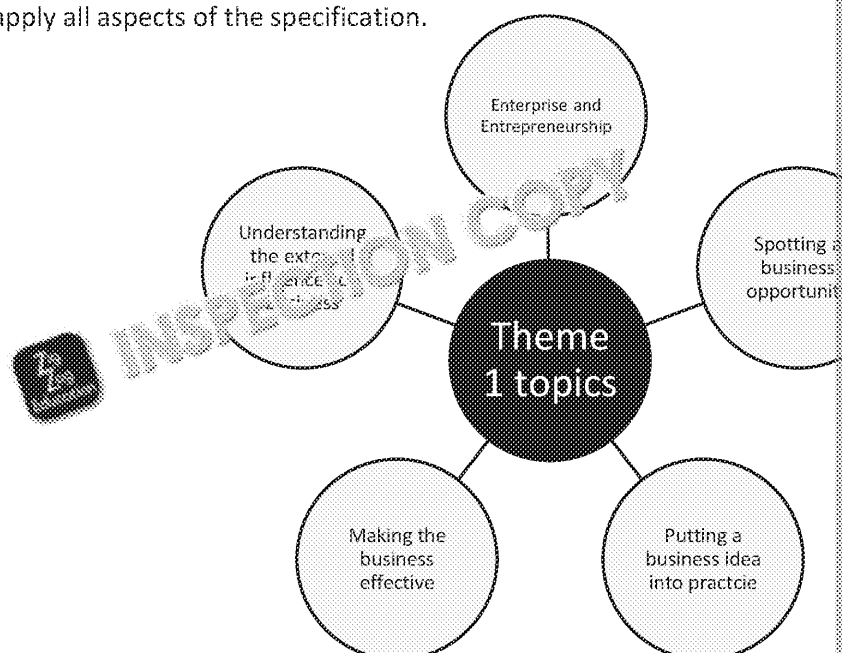


Figure: What's assessed in Theme 1: Investigating small business

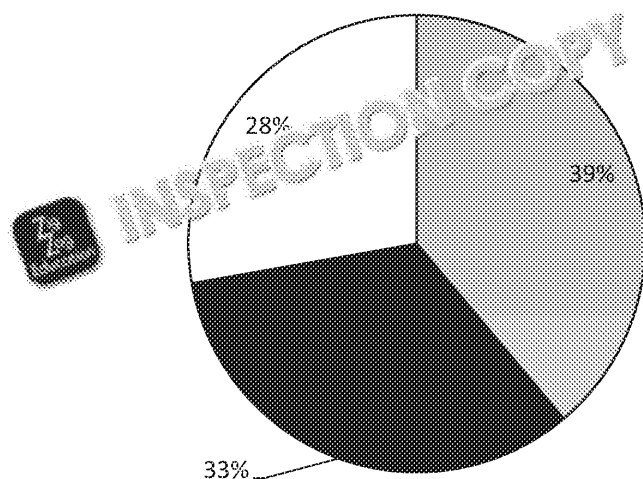
COPYRIGHT
PROTECTED



Students should always look at the number of marks awarded for each question and the amount of depth a student should include within a response.

Time management is a critical skill for GCSE Business students to master. It is a good idea to divide their 105 minutes across the total time offered for the paper. For guidance, students should be spending approximately 35 minutes per section.

Time allocation



Being disciplined with the time available is critical. Spending extra time answering one question disadvantages the time available for another. There is a risk that the marks gained on a particular question are fewer than what could have been achieved by starting a new question.

**COPYRIGHT
PROTECTED**



Command words

The following table outlines some of the commonly used command words for the face when completing Paper 1.

Command word	Overview
Analyse	Divide information into separate parts and identify their features.
Calculate	Complete a numerical calculation to work out an answer to a question. Avoid simply giving the answer to 'calculation' questions because if the final answer is wrong, the examiner is able to award marks for the correct working. If the final answer is wrong, the examiner is able to award marks for the correct working.
Describe	Set out fundamental points to outline a term.
Evaluate	Make a judgement based on the information available with consideration of the advantages and drawbacks of the option(s).
Explain	Present reasons for an answer.
Identify	Provide a suitable example(s) that is relevant to word or phrase(s) required.
Justify	Propose an answer supported by evidence.
Recommend	After considering different options make an informed judgement to be taken (supported by evidence). Avoid 'sitting on the fence' stating that both/all options should be chosen is not advisable.
State	Express in clear and concise terms.

Assessment objectives

Assessment objectives (AOs) are set by Ofqual and are the same for all exam board qualifications. Here are the AOs and the weighting for a typical Paper 1 examination. Weightings are different for Paper 2 examinations.

AO1	<ul style="list-style-type: none"> Demonstrate knowledge and understanding of business concepts 35% of marks available
AO2	<ul style="list-style-type: none"> Apply knowledge and understanding of business concepts to contexts 35% of marks available
AO3	<ul style="list-style-type: none"> Analyse and evaluate business information and issues to discuss business activity, make judgements and draw conclusions 30% of marks available

Exam technique

Many students rush straight into writing their answer. This is inadvisable as rushing often does not address the question asked and at best may lead to poorly structured responses. However, it is important to plan your answer. Often helps to improve the quality of answers composed. However, it is important as it may starve candidates of time to actually write their answer.

Candidates should spend a few minutes to plan their answer. They could use a spider diagram which outlines the structure and key points.

Activity – plan

Ask your students to consider some of the practice questions within this resource and come up with a basic plan for their response.

**COPYRIGHT
PROTECTED**



Specification Coverage

Subject Content	Paper 1A	Paper 1B
Topic 1.1 Enterprise and entrepreneurship		
1.1.1 The dynamic nature of business		
1.1.2 Risk and reward		
1.1.3 The role of business enterprise		✓
Topic 1.2 Spotting a business opportunity		
1.2.1 Customer needs	✓	✓
1.2.2 Market research	✓	✓
1.2.3 Market segmentation		✓
1.2.4 The competitive environment	✓	
Topic 1.3 Putting a business into practice		
1.3.1 Business aims and objectives	✓	
1.3.2 Business revenues, costs and profits	✓	✓
1.3.3 Cash and cash flow	✓	✓
1.3.4 Sources of business finance	✓	✓
Topic 1.4 Making the business effective		
1.4.1 The options for start-up and small businesses	✓	✓
1.4.2 Business location	✓	
1.4.3 The marketing mix		✓
1.4.4 Business plans	✓	
1.5 Understanding external influences on business		
1.5.1 Business stakeholders		
1.5.2 Technology and business	✓	
1.5.3 Legislation and business		✓
1.5.4 The economy and business		✓
1.5.5 External influences		✓

INSPECTION COPY

COPYRIGHT
PROTECTED



ZigZag Practice Exam Papers

Supporting Pearson Edexcel Level 1 / Level 2 GCSE (9–1) in Business

GCSE (9–1) in Business

Paper 1

Investigating small business

Practice Paper A: Source Booklet

INSPECTION COPY

COPYRIGHT
PROTECTED



Section B

Read the following extract before answering Questions 1–4

Item A: Crafty Cheeses

Dani and Margaret own Crafty Cheeses, which is a small shop located in Cornwall, renowned for its famous cheeses. All items are responsibly sourced with fair trade producers/farmers, who exclusively produce cheeses for the shop. Quality is maintained through regular visits to check on production standards. The owners run the business full-time and it is currently very successful. The business has only one shop, which has been open for 10 years.

Demand for products is seasonal, with a peak during the run-up to Christmas and Easter. The business employs five customer assistants all year round – two full-time and three part-time – and they are supported by Dani and Margaret, who both work actively in the shop. Dani and Margaret also employ a few working hours temporarily during the two seasonal peaks.

Employees currently receive a generous 15% discount on purchases from the shop, as well as free car parking and free healthcare insurance.

Customers currently travel up to 20 miles to the shop as the products sold are not widely available. The business currently has no website or e-commerce operations. Due to the success of the business, Dani and Margaret are considering expanding by launching a website which will sell the cheese products online. This website will be developed by a local company and will consist of eight pages of content. The bank has asked Dani and Margaret to pay 25% of the cost of the website from their own funds. The bank will then offer a loan for the remainder of the cost of the site.

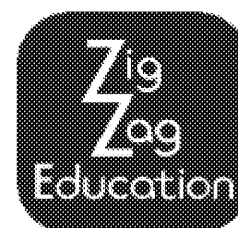
The partners feel that the website may be successful as many tourists return to the shop to buy their cheeses and have said that they would like to be able to buy the special cheeses which they would be able to do online.

Quality has always been critical to the business and all suppliers have to meet high standards, which are monitored by the owners.

If the business expands, additional suppliers will need to be selected as the shop is currently operating to full capacity.

INSPECTION COPY

COPYRIGHT
PROTECTED



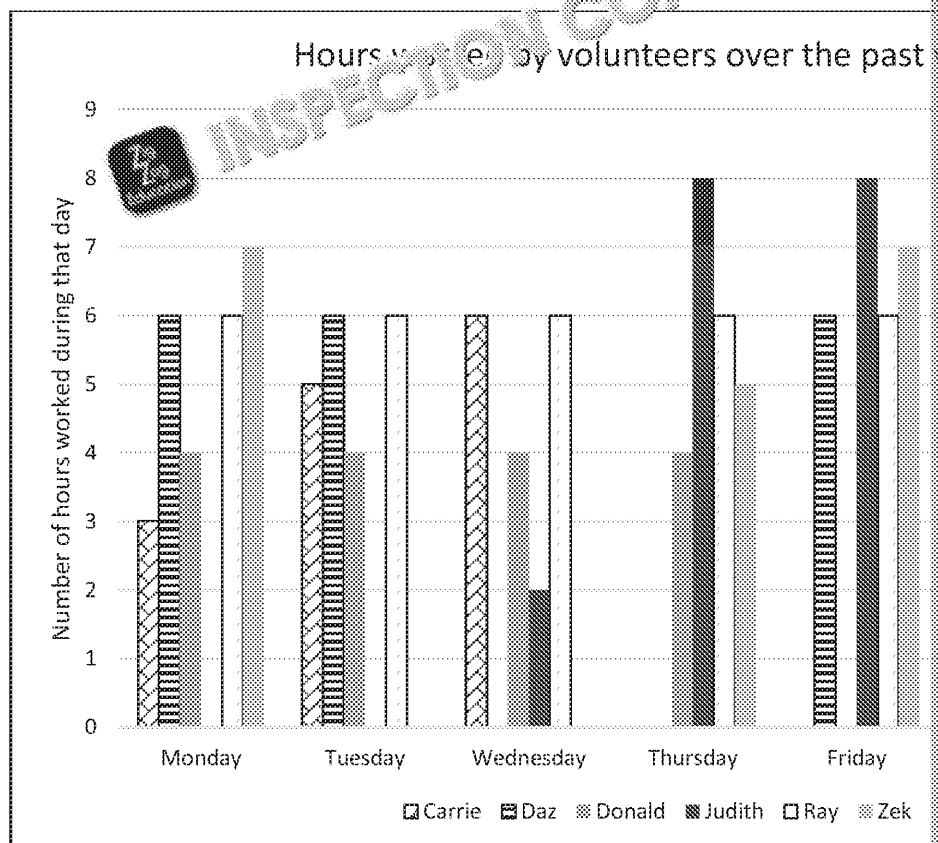
Section C

Read the following extract before answering Questions 1–5.

Item B: Petz Rescue Centre

Petz Rescue Centre is a charity that cares for and rehomes abandoned pets.

The centre has three paid employees (a manager and two animal assistants) and six volunteers who do regular shifts as directed by the manager. The centre has a very high level of customer service.



Petz Rescue Centre currently operates from city centre premises. The land is currently occupied and there is no room for expansion.

A former farm is available and the trustees of the charity are considering moving to the farm. The farm is five miles away from the current location and, due to the expansion, will be able to increase the range of animals it cares for, e.g. it could accept horses.

All employees and volunteers will be given the opportunity to move with the charity. If the charity expands, two full-time employees will also be required.

INSPECTION COPY

**COPYRIGHT
PROTECTED**



ZigZag Practice Exam Papers

Supporting Pearson Edexcel Level 1 / Level 2 GCSE (9–1) in Business

GCSE (9–1) in Business

Paper 1

Investigating small business

Practice Paper A

Name

Time allowed

1 hour and 45 minutes

Instructions

Answer **all** of the questions and use the space provided.

Information

The total number of marks available for this paper is **90**. The number of marks available for each question is shown in brackets.

INSPECTION COPY

COPYRIGHT
PROTECTED



Section A

Answer all questions within this section

Four options are offered for multiple-choice questions. Select **one answer only** for each question by placing a tick in the box to the right.

1. (a) Which one of these terms describes money coming into a business from its customers?
Select one answer.

- A. Loss ☐
- B. Revenue ☐
- C. Fixed costs ☐
- D. Variable costs ☐

- (b) Which one of the following is a method of primary market research?
Select one answer.

- A. Newspapers ☐
- B. Market trends report ☐
- C. Census data ☐
- D. Focus groups ☐

- (c) Explain one benefit to a business of using an overdraft as a source of finance.

.....

.....

.....

.....

.....

.....

- (d) Explain one disadvantage to a franchisee of setting up a business as a franchise.

.....

.....

.....

.....

.....

.....

INSPECTION COPY

COPYRIGHT
PROTECTED



(T)

Five options are offered for multiple-choice questions. Select **two answers only** for each question by placing a tick in the box to the right.

2. (a) Which two of the following are benefits of a private limited company?

- A. Owner can keep all of the profits made by the business
- B. Limited liability
- C. Can raise additional funds by selling shares
- D. Can be taken over
- E. Unlimited liability

(b) Which two of the following might a suitable business aims for a window cleaning business during its first year of trading? It will not employ any staff and will start as a sole trader.

- A. Employ 1,000 employees by the end of the first year of trading
- B. Expand to start cleaning windows in a neighbouring town
- C. Expand throughout Europe
- D. Break even
- E. Make £3 million profit during the first year of trading

(c) Complete the table below with the missing two figures that are labelled i) and ii).

	Month 1	Month 2
	£	£
Receipts	23,000	
Electricity	5,000	
Gas	i)	
Total payments	9,000	ii)
Net cash flow	14,000	
Opening balance	30,000	
Closing balance	44,000	

(d) Explain one purpose of creating a business plan when preparing to start a business.

.....

.....

.....

.....

.....

.....

**COPYRIGHT
PROTECTED**



- (e) Explain one benefit that limited liability offers the owners of a business.

.....

.....

.....

.....

.....

.....

(Total 10 marks)

Four options are offered for multiple-choice questions. Select **one answer only** for each question by clicking a tick in the box to the right.

3. (a) What name is given to an owner of Design Ltd?

- | | |
|----------------|--------------------------|
| A. Sole trader | <input type="checkbox"/> |
| B. Stakeholder | <input type="checkbox"/> |
| C. Shareholder | <input type="checkbox"/> |
| D. Partner | <input type="checkbox"/> |

- (b) Brenda's production is 1,298 units and she knows that she needs to produce 1,500 units to break even. What is Brenda's margin of safety? Show all workings. Give your answer to the nearest whole unit.

.....

.....

.....

.....

- (c) Explain how the aims and objectives of a business change over time.

.....

.....

.....

.....

.....

.....

INSPECTION COPY

COPYRIGHT
PROTECTED



INSPECTION COPY

**COPYRIGHT
PROTECTED**



- (d) Explain one benefit to a business of providing good customer service.

- (e) Discuss why maintaining a positive cash flow is important for a successful business.

INSPECTION COPY



- (b) Analyze the importance of Crafty Cheeses identifying and understanding

5. (a) Outline one impact on Crafty Cheeses' sales revenue arising from its core quality products.

**COPYRIGHT
PROTECTED**



- (b) Calculate the amount of the loan that Dani and Margaret will take out. show your workings.

.....

.....

.....

.....

- (c) Analyse the impact on the operating costs of Crafty Cheeses of using e-

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

INSPECTION COPY

COPYRIGHT
PROTECTED



6. Employees receive a 15% discount on purchases from the shop. Figure 1 shows the value of purchases made by two employees who used their discount last week.

Figure 1

	Value of purchases	Discount received
Chris	£15.60	i) _____
Bobby	£25.60	ii) _____
Total cost of discount		iii) _____

- (a) Complete Figure 1 (lines i to iii) to show how much discount each employee received. Calculate the total cost to the business of discounts last week. Show your workings to two decimal places.

Workings

.....

.....

.....

.....

.....

.....

INSPECTION COPY

COPYRIGHT
PROTECTED



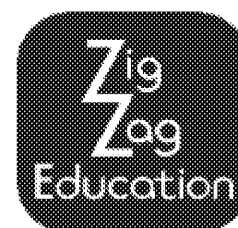
(b) Due to limited time, Dani and Margaret are considering gathering one of the following research data:

- Option 1: Qualitative data gathered by inviting current customers
- Option 2: Quantitative data gathered by carrying out a telephone survey of customers who have purchased products over the past 12 months

Justify which one of these two options Dani and Margaret should choose.

INSPECTION COPY

**COPYRIGHT
PROTECTED**



INSPECTION COPY

In the Source Booklet, read Item B before answering Question 1.

- (d) Petz Rescue Centre is thinking of becoming a private limited company and generate more finance. Justify whether or not Petz Rescue Centre should become a private limited company.

**COPYRIGHT
PROTECTED**



- (e) Evaluate whether the proposal to move from a city centre location to a new location would be a success. In your answer you should consider:
- The impact on different stakeholders
 - Customer service



**COPYRIGHT
PROTECTED**



ZigZag Practice Exam Papers

Supporting Pearson Edexcel Level 1 / Level 2 GCSE (9–1) in Business

GCSE (9–1) in Business

Paper 1

Investigating small business

Practice Paper A

Time allowed

1 hour and 45 minutes

Instructions

Answer **all** of the questions.

Information

The total number of marks available for this paper is **90**. The number of marks available for each question is shown in brackets.

Your quality of written communication is assessed on starred questions.

INSPECTION COPY

COPYRIGHT
PROTECTED



Section A

Answer all questions within this section

Four options are offered for multiple-choice questions. Select **one answer only** for

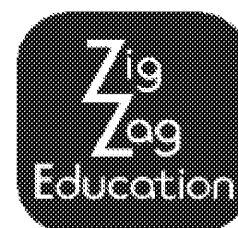
1. (a) Which one of these terms describes money coming into a business from a customer?
Select one answer.
- A. Loss
 - B. Revenue
 - C. Fixed costs
 - D. Variable costs
- (b) Which one of the following is a method of primary market research?
Select one answer.
- A. Newspapers
 - B. Market trends report
 - C. Census data
 - D. Focus groups
- (c) Explain one benefit to a business of using an overdraft as a source of finance.
- (d) Explain one disadvantage to a franchisee of setting up a business as a franchise.

Five options are offered for multiple-choice questions. Select **two answers only** for

2. (a) Which two of the following are benefits of a private limited company?
- A. Owner can keep all of the profits made by the business
 - B. Limited liability
 - C. Can raise additional funds by selling shares
 - D. Can be taken over
 - E. Unlimited liability
- (b) Which two of the following might be suitable business aims for a window cleaning business during its first year of trading? It will not employ any staff and will operate as a sole trader.
- A. Employ 100 employees by the end of the first year of trading
 - B. Expand to start cleaning windows in a neighbouring town
 - C. Operate throughout Europe
 - D. Break even
 - E. Make £3 million profit during the first year of trading

INSPECTION COPY

**COPYRIGHT
PROTECTED**



(c) Copy and complete the table below with the missing two figures that are labelled i) and ii).

	Month 1	Month 2
	£	£
Receipts	23,000	
Electricity	5,000	
Gas	i)	
Total payments	9,000	ii)
Net cash flow	4,000	
Opening balance	30,000	
Closing balance	44,000	

(d) Explain one purpose of creating a business plan when preparing to start a business.

(e) Explain one benefit that limited liability offers the owners of a business.

(Total 10 marks)

Four options are offered for multiple-choice questions. Select **one answer only** for each question.

3. (a) What name is given to an owner of Design Ltd?
- Sole trader
 - Stakeholder
 - Shareholder
 - Partner
- (b) Brenda's production is 1,298 units and she knows that she needs to produce 1,500 units to break even. What is Brenda's margin of safety? Show all workings. Give your answer to the nearest whole unit.
- (c) Explain how the aims and objectives of a business change over time.
- (d) Explain one benefit to a business of providing good customer service.
- (e) Discuss why maintaining a positive cash flow is important for a successful business.

(Total 10 marks)

**COPYRIGHT
PROTECTED**



Section B

Answer all questions in this section.
In the Source Booklet, read Item A before answering Questions 4–6.

4. (a) Outline one method of primary market research that would be appropriate for Crafty Cheeses when developing a new range of cheese products.
- (b) Analyse the importance of Crafty Cheeses identifying and understanding its target market.
5. (a) Outline one impact on Crafty Cheeses' sales revenue arising from its core products.
- (b) Calculate the amount of the loan that Dani and Margaret will take out, if they are borrowing £1000 at 10% per year for 3 years.
- (c) Analyse the impact on the operating costs of Crafty Cheeses of using e-commerce.
6. Employees receive a 15% discount on purchases from the shop. Figure 1 shows the purchases made by two employees who used their discount last week.

Figure 1

	Value of purchases	Discount received
Chris	£15.60	i)
Bobby	£25.60	ii)
Total cost of discount		iii)

- (a) Copy and complete Figure 1 (lines i to iii) to show how much discount each employee received. Calculate the total cost to the business of discounts last week. Show your working. Give your answers to two decimal places.
- (b) Due to limited time, Dani and Margaret are considering gathering one of the following types of data:
 - Option 1: Qualitative data gathered by inviting current customers to a focus group.
 - Option 2: Quantitative data gathered by carrying out a telephone survey of customers who have purchased products over the past 12 months.

Justify which one of these two options Dani and Margaret should choose.

INSPECTION COPY

COPYRIGHT
PROTECTED



Section C

Answer all questions in this section.
In the Source Booklet, read Item B before answering Questions 7–10.

7. (a) State one fixed cost that Petz Rescue Centre may incur.
- (b) Identify which volunteer worked the most hours during the previous week.
- (c) Outline one way in which the team of volunteers may impact the operation of Petz Rescue Centre.
- (d) Petz Rescue Centre is thinking of becoming a private limited company as it generates more income. Justify whether or not Petz Rescue Centre should limit its liability.
- (e) Evaluate whether the proposal to move from a city centre location to a village would be a success. In your answer you should consider:
- The impact on different stakeholders
 - Customer service

INSPECTION COPY

COPYRIGHT
PROTECTED



Preview of Questions Ends Here

This is a limited inspection copy. Sample of questions ends here to avoid students previewing questions before they are set. See contents page for details of the rest of the resource.

Mark Scheme: Paper D

Section A

Question 1

Total for this question: 8 marks

Question number	Answer	
1(a)	C	AO1a – 1 mark
1(b)	C	AO1a – 1 mark

1. (c) Explain one benefit of using retained profit as a source of business finance.

Marks for this question: AO1a = 1 / AO1b = 2

1 mark for one valid advantage identified

2 marks for developing the answer explaining the advantage

Possible answers include:

- No interest or fees to pay
- No lengthy application process
- Internal source so no external influence over its availability

Example of a developed response:

There are no fees payable (1), which reduces the business's expenses (1).

1. (d) Explain one disadvantage of setting up a business as a private limited company.

Marks for this question: AO1a = 1 / AO1b = 2

1 mark for one valid disadvantage identified

2 marks for developing the answer explaining the disadvantage

Possible answers include:

- Have to publish financial accounts
- Shared decision-making
- Have to complete a lot of paperwork and legal formalities to set up

Example of a developed response:

There are a lot of forms to complete and a lot of bureaucracy when setting up initially (1); for instance, a memorandum and articles of association must be drafted (1).

INSPECTION COPY

COPYRIGHT
PROTECTED



Question 2

Total for this question: 12 marks

Question number	Answer	
2(a)	C and D	AO1a – 2 marks
2(b)	A and E	AO1a – 2 marks

2. (c) Chirpy birdseed bars cost 99p. A pet store decides to increase the price. Show all workings. Give your answer to the nearest whole penny.

Marks for this question: AO2 = 2

1 mark for putting figures into calculation

1 mark for the correct answer to the nearest whole penny with the £ sign

$$7 / 100 \times 99p = 6.93p$$

$$99p + 6.93p = 105.93p$$

$$\text{New price} = \text{£}1.06 \text{ (1) (OFR)}$$

2. (d) Explain one type of technology that could be used by a business.

Marks for this question: AO1 = 2

1 mark for one valid type of technology identified

1 mark for developing the answer by explaining how the type of technology could be used

Possible answers include:

- Till systems / payment systems
- Computer
- Web-based applications
- Robotics
- Production technology
- E-commerce
- Social media

Example of a developed response:

A supermarket may use a self-service till system to enable customers to pay for their own shopping (1). This will increase the customer service offered (1) as the customer may not have to wait for a cashier.

3. (e) Explain one reason why a new business idea may come about.

Marks for this question: AO1a = 1 / AO1b = 1

1 mark for one valid benefit identified

2 marks for developing the answer explaining the benefit

Possible answers include:

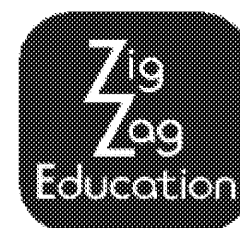
- Identified personal problem
- Gap in the market
- Old technology
- Changes/developments in customer demand

Examples of a developed response:

An entrepreneur may identify a gap in the market which may lead to a new business idea. For example, there may be a need for a new type of phone case to protect a new design of phone. A new product may be designed to fulfil a need that the entrepreneur could not find elsewhere.

INSPECTION COPY

COPYRIGHT
PROTECTED



Question 3

Total for this question: 15 marks

Question number	Answer	
3(a)	B	AO1a – 1 mark

3. (b) A retailer decides to increase the price of Choccie chocolate bars by 8% was the old price? Show all workings. Give your answer to the nearest

Marks for this question: AO2 = 2

1 mark for the correct formula

1 mark for the correct answer expressed to the nearest whole unit
OR

2 marks for the correct answer with no calculations/working-out

1. $3 \times 20.5p = 60.19p$ (1)

Old price to the nearest penny = 60p (1) (OFR)

3. (c) Explain why it is important to identify and understand customer needs

Marks for this question: AO1a = 1 / AO1b = 2

1 mark for one valid reason identified

2 marks for developing the answer explaining the reason

Possible answers include:

- Customer needs cannot be satisfied if customer needs are not accurately identified
- The business is unlikely to be successful if it does not meet customer needs
- Customer needs should be the focus for the business

Example of a developed response:

A business cannot accurately meet customer needs if it does not understand them. It depends upon customer needs being met (1) so understanding them is important to ensure profit levels for the business (1).

3. (d) Explain one reason why a business may need additional finance.

Marks for this question: AO1a = 1 / AO1b = 2

1 mark for knowledge of a reason why a business may need additional finance

2 marks for developing the answer explaining a reason why a business may need additional finance

Possible answers include:

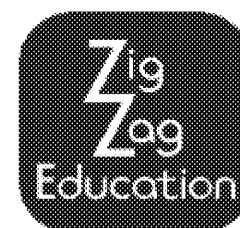
- To expand
- To improve operations
- To enter a new market
- To introduce a new product/service

Example of a developed response:

Additional finance may be needed to fund the development of a new product which will help it to enter new markets and become more competitive. A product/service cannot be developed (1).

INSPECTION COPY

COPYRIGHT
PROTECTED



3. (e) Discuss the impact of the Internet on business location decisions.

Marks for this question: AO1b = 3 / AO3a = 3

Possible answers include:

- Businesses are now more footloose
- Business physical locations are now less important as customers can shop via the Internet
- Internet speeds/availability may vary between different locations

Example of a developed response:

Many businesses are increasingly footloose (1). This means that the physical base is now less likely to impact on the success of the business (1). Technology enabled many employees to work from home and/or businesses to open premises anywhere in the country (1). This has enabled businesses to locate in areas with lower costs (e.g. rent and prices), which reduces operating costs (1) and increases profitability (1). Employees can also enjoy an improved work-life balance as they can work from home and/or live/base in a rural/pleasant location. This may improve staff morale and productivity (1).

Mark	Level	Outline
5–6	3	<ul style="list-style-type: none"> • Comprehensive/accurate understanding of business theory throughout the whole answer • Critiques/applies business data and/or concepts in a clear and comprehensive points with effective use of business knowledge
3–4	2	<ul style="list-style-type: none"> • Business theory and concepts are generally used in a clear manner. The correct use of business knowledge is demonstrated through most of the answer • Critiques/applies business data and/or concepts in a clear manner, with some use of unified points and some discrepancies
1–2	1	<ul style="list-style-type: none"> • Limited understanding and knowledge of business theory throughout the answer • There is an attempt to assess/apply business knowledge with elementary points stated
0	0	No answer worthy of any marks

INSPECTION COPY

COPYRIGHT
PROTECTED



Section B

Total for this section: 30 marks

4. (a) Outline one role of business activity.

Marks for this question: AO2 = 2

Possible answers include:

- To produce goods or services
- To meet customer needs
- To add value – convenience, branding, quality, design, unique selling

Example of a developed response

A role of a business owner/manager's is to provide a service (1) which will

4. (b) Analyse how market mapping could be used to ensure that the new business

Marks for this question: AO2 = 3 / AO3a = 3

Possible answers include:

- Identify any market gaps that the business can exploit
- Helps the business owner/manager to understand how they compare in terms of strengths and weaknesses
- Identifies a clear USP
- Helps the managers to make decisions to help the business to be a

Mark	Level	Outline
5–6	3	<ul style="list-style-type: none"> • Comprehensive/accurate understanding and use of business knowledge and concepts throughout the whole answer (AO2) • Critiques/applies business data and/or concepts in a logical and comprehensive points with effective justification
3–4	2	<ul style="list-style-type: none"> • Business theory and concepts are generally used correctly. The correct use of business knowledge and concepts throughout most of the answer (AO2). • Critiques/applies business data and/or concepts in a logical manner, with some use of unified points, although there are some discrepancies (AO2)
1–2	1	<ul style="list-style-type: none"> • Limited understanding and knowledge of business concepts (AO2) • There is an attempt to assess/apply business concepts using elementary points stated (AO3a)
0	0	No answer worthy of any marks

INSPECTION COPY

COPYRIGHT
PROTECTED



5. (a) Outline one impact on Roma's business arising from unlimited liability.

Marks for this question: AO2 = 2

Possible answers include:

- Unlimited liability means that there is no limit to Roma's potential
- This status may reduce a bank's likelihood to lend to Roma's business
- There is no difference between Roma and the business (incorporated)

Example of a developed response:

There will be no limit to Roma's liability to repay her business debts (1)
sell her house/car to repay business debts (1)

5. (b) Roma has discovered that the number of people in her town who are over 65 has increased from 120 to 165 over the next five years. Calculate the percentage change.

Marks for this question: AO2 = 2

1 mark for the calculation

1 mark for the correct percentage change

OR

2 marks for the correct answer without any calculations/workings

$$\begin{aligned} \text{Difference in the number of residents} &= 165 - 120 \\ &= 45 \end{aligned}$$

$$\begin{aligned} \text{Percentage change} &= (45 \div 120) \times 100 \\ &= 37.5\% \end{aligned}$$

5. (c) Analyse the impact on Roma's business of the change in the population.

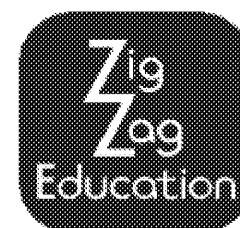
Marks for this question: AO2 = 3 / AO3a = 3

Possible answers may include:

- More potential customers
- Roma may have to care for customers with increasingly complex care needs
- Roma may need to increase the range of services that she offers
- As individuals get older, they may be less likely to be able to remain independent and, therefore, may be increasingly likely to move into a care home, reducing the number of potential customers

Mark	AO2	Outline
5	3	<ul style="list-style-type: none"> • Comprehensive/accurate understanding of business theory throughout the whole answer (AO2) • Critiques/applies business data and/or concepts in a sophisticated and comprehensive points with effective analysis
3-4	2	<ul style="list-style-type: none"> • Business theory and concepts are generally understood and used in a clear manner. The correct use of business knowledge is demonstrated through most of the answer • Critiques/applies business data and/or concepts in a clear manner, with some use of unified points and some analysis of discrepancies (AO3a)

COPYRIGHT
PROTECTED



Mark	Level	Outline
1–2	1	<ul style="list-style-type: none"> Limited understanding and knowledge of the answer (AO2) There is an attempt to assess/apply business elementary points stated (AO3a)
0	0	No answer worthy of any marks

6. (a) Identify three variable costs which will be incurred by Roma's business

Marks for this question: AO2 = 3

Possible answers include:

- Fuel for travelling to customer homes
- Staff wages
- Materials/products used while caring for individuals

6. (b) Roma is thinking about ways to promote her business and is considering two options:

Option 1: Use social media promotion

Option 2: Place a regular advert in the local newspaper

Justify which one of these two options Roma should choose.

Marks for this question: AO2 = 3 / AO3a = 3 / AO3b = 3

- Social media promotion may be free of charge, and involves communicating through platforms online
- Advertising in the local newspaper will involve a paid-for advert in a newspaper sold in the local area

Social media promotion:

- Free of charge
- Can be easily updated
- People increasingly using social media
- Relatives may make the care decision on behalf of the older person and target these individuals
- Care homes / elder care service providers may not use social media and this method may give Roma a USP
- Roma is targeting older people, who are less likely to use social media
- Older people may not be online or literate

Advert in a local newspaper

- More likely to be seen by older people who are most likely to read a newspaper
- Easy to target individuals in the local area (little wastage)
- May be expensive
- Cannot target individuals outside of the local area
- The decision about care services may be made by relatives who live locally

**COPYRIGHT
PROTECTED**



Mark	Level	Outline
7–9	3	<ul style="list-style-type: none"> Comprehensive/accurate understanding of theory applied well to the context throughout Critiques/applies business data and/or concepts in a comprehensive manner with effective justification A clear decision is made, which is clearly explained and supported by appraisal of all of the issues / business information relating to the decision proposed (AO3b)
4–6	2	<ul style="list-style-type: none"> Business theory and concepts are generally understood and applied in a correct manner. The correct use of business knowledge is demonstrated and applied through most of the answer Critiques/applies business data and/or concepts in a correct manner with some use of unified points, and some justifications (AO3a) A decision is made which is supported by some points. The decision is supported by business information relating to the decision
1–3	1	<ul style="list-style-type: none"> Limited understanding and application of theory throughout the answer (AO2) There is an attempt to assess/apply business concepts using elementary points stated (AO3a) A decision is made, with a simple explanation of the points. An attempt to appraise some of the issues relating to the decision proposed is made
0	0	No answer worthy of any marks

**COPYRIGHT
PROTECTED**



Section C

Total for this section: 25 marks

7. (a) State one heading that Sally needs to include within her business plan.

Marks for this question: AO2 = 1

Possible answers include:

- Name of business
- Financial information, e.g. profit, cash flow forecast
- Marketing plan, e.g. promotion/advertising pricing
- Market research
- Location
- Sources of finance

7. (b) Calculate the amount of taxation that Sally will have to pay each year and show your working. Assume that her sales revenue remains unchanged.

Marks for this question: AO2 = 3

1 mark for the calculation to find the revenue generated by Sally's business
1 mark for the correct sales revenue figure
1 mark for calculating the new taxation figure payable

Answer:

$(100 \div 20) \times £30,000$ (1)
£150,000 (1)

$(25 \div 100) \times £150,000$
£37,500 (1) (OFR)

7. (c) Due to the increase in taxation, Sally is concerned that she will be unable to offer a pay rise to her employees. Justify whether or not Sally should offer a pay rise to her employees. Offered a pay increase for each of the eight years that she has run the business.

Marks for this question: AO2 = 3 / AO3a = 3 / AO3b = 3

Points in support of a pay rise:

- Pay rise will motivate the employees
- Employee may find that the new cost of living has risen, so without a pay rise they will have a difficult time
- Employees are likely to expect a pay rise as they have received one in the past
- Employees may leave if they do not get a pay rise

Points against a pay rise:

- If Sally cannot afford the pay increase, she should not offer it as it could lead to the business becoming insolvent
- Sally could consider another non-financial form of motivation/reward. This option may be preferred by the employee.
- Not all employees are motivated by financial motivators so the pay rise may not work on the employee

INSPECTION COPY

COPYRIGHT
PROTECTED



Mark	Level	Outline
7–9	3	<ul style="list-style-type: none"> Comprehensive/accurate understanding of theory applied well to the context throughout Critiques/applies business data and/or concepts in a comprehensive manner with effective use of unified points A clear decision is made, which is clearly supported by appraisal of all of the issues / business information relating to the decision proposed (AO3b)
4–6	2	<ul style="list-style-type: none"> Business theory and concepts are generally applied in a correct manner. The correct use of business knowledge is demonstrated and applied through most of the answer Critiques/applies business data and/or concepts in a correct manner, with some use of unified points and some discrepancies (AO3a) A decision is made which is supported by some points. The decision is supported by business information relating to the decision proposed
1–3	1	<ul style="list-style-type: none"> Limited understanding and application of theory throughout the answer (AO2) There is an attempt to assess/apply business concepts using elementary points stated (AO3a) A decision is made, with a simple explanation using limited points. An attempt to appraise some business information relating to the decision proposed
0	0	No answer worthy of any marks

7. (d) Evaluate whether cash flow or profitability should be the primary objective of a business.

Marks for this question: AO1b = 3 / AO2 = 3 / AO3a = 3 / AO3b = 3

- Profitability is the amount left after all expenses have been paid. Profit is the amount of money that the business has available to pay its liabilities.
- Cash flow refers to the amount of cash that the business has available to pay its liabilities.

Points in favour of cash flow:

- The business risks becoming insolvent if it cannot pay its liabilities.
- The business's reputation will suffer if it is unable to pay its stakeholders.
- A profitable business may run out of cash and then fail / go out of business.

Points in favour of profitability:

- The owners of a business will want the business to be profitable as this will allow them to pay themselves a salary.
- Profit can be reinvested to support future growth.

COPYRIGHT
PROTECTED



Mark	Level	Outline
9–12	3	<ul style="list-style-type: none"> • Comprehensive/accurate understanding of theory throughout the whole answer (AO1) • Business theory/knowledge/information in context outlined in the question (AO2) • Critiques/applies business data and/or concepts in a unified and comprehensive points with evidence (AO3a) • A clear decision is made, which is clearly supported by appraisal of all of the issues / business information relating to the decision proposed (AO3b)
5–8	2	<ul style="list-style-type: none"> • Knowledge and understanding of business theory/knowledge/information within the answer (AO1b) • Business theory and concepts are generally identified. The correct use of business knowledge is demonstrated/applied through most of the answer (AO2) • Critiques/applies business data and/or concepts in a unified manner, with some use of unified points and some discrepancies (AO3a) • A decision is made which is supported by some points. The decision is supported by some business information relating to the decision proposed (AO3b)
1–4	1	<ul style="list-style-type: none"> • Limited understanding and knowledge of business theory/knowledge/information within the answer (AO1b) • There is an attempt to assess/apply business theory/knowledge with elementary points stated (AO2) • There is an attempt to review and deconstruct limited interrelated points. Most information is stated in a limited fashion (AO3a). • A decision is made, with a simple explanation of limited points. An attempt to appraise some business information relating to the decision proposed (AO3b)
0	0	No answer worthy of any marks

COPYRIGHT
PROTECTED



Preview of Answers Ends Here

This is a limited inspection copy. Sample of answers ends here to stop students looking up answers to their assessments. See contents page for details of the rest of the resource.