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)

Friday 9 May 2025

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 is a type of business ownership?

(1)

Select **one** answer.

☐ **A** Limited liability

☐ **B** Private limited company

☐ **C** Shareholder

☐ **D** Unlimited liability

(b) Which **one** of the following is a short-term source of finance?

(1)

Select **one** answer.

☐ **A** Crowd funding

☐ **B** Focus group

☐ **C** Trade credit

☐ **D** Venture capital

(c) Explain **one** way e-commerce could lead to increased sales for a small business.

(3)

(d) Explain **one** possible advantage to a small business from a decrease in government taxation.

(3)

(Total for Question 1 = 8 marks)

2 (a) Which **two** of the following are ways that a small business could add value?

(2)

Select **two** answers.

- ☒ **A** Challenge
- ☒ **B** Design
- ☒ **C** Independence
- ☒ **D** Quality
- ☒ **E** Revenue

(b) Which **two** of the following are elements of the marketing mix?

(2)

Select **two** answers.

- ☒ **A** Payment
- ☒ **B** Plan
- ☒ **C** Price
- ☒ **D** Profit
- ☒ **E** Promotion

Table 1 contains information for a small business.

Break even output	3,000 units
Variable cost	£3 per unit
Selling price	£7 per unit
Output	15,000 units

Table 1

(c) Using the information in Table 1, calculate the fixed costs for the small business.
You are advised to show your workings.

(2)

£ ....

(d) Explain **one** way a unique selling point could add value to a small business.

(3)

(e) Explain **one** disadvantage of starting a business as a sole trader.

(3)

(Total for Question 2 = 12 marks)

3 (a) Which **one** of the following is an advantage of starting as a franchisee?

(1)

Select **one** answer.

- ☒ **A** Ability to make own choices
- ☒ **B** Access to an established business model
- ☒ **C** Decreased advertising could be offered
- ☒ **D** Ongoing payments are made to franchisor

Figure 1 shows the total costs per year for a small business from 2021 to 2023.

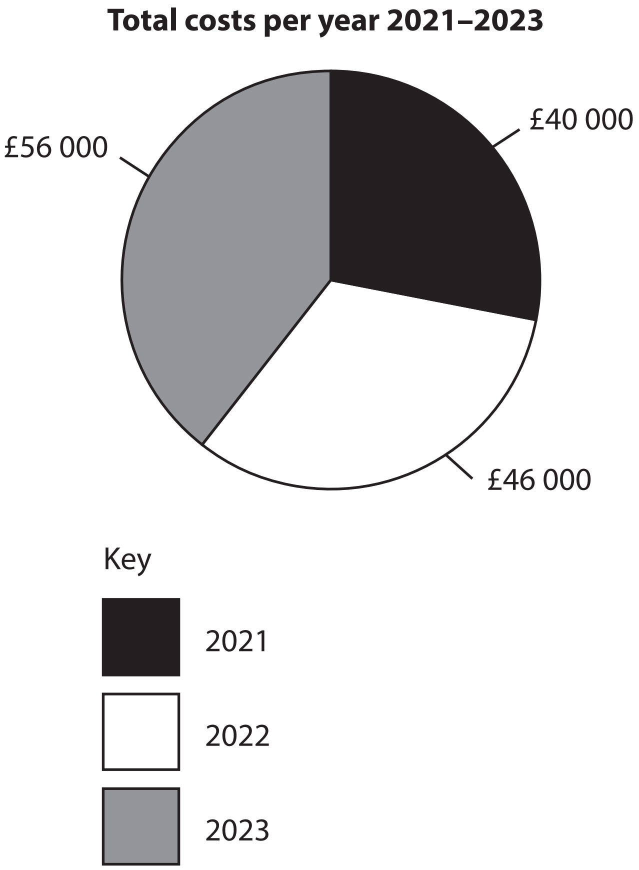

Figure 1

(b) Using the information in Figure 1, calculate the percentage increase in total costs between 2021 and 2022. You are advised to show your workings.

(2)

.... %

(c) Explain **one** advantage to a small business of creating a cash-flow forecast.

(3)

(d) Explain **one** disadvantage to a small business of using primary market research.

(3)

(e) Discuss how proximity to market could influence the location of a small business.

(6)

(Total for Question 3 = 15 marks)

TOTAL FOR SECTION A = 35 MARKS

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SECTION B BEGINS ON THE NEXT PAGE.

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** impact that competition could have on *Pizza Pilgrims*.

(2)

(b) Analyse the impact on Thom and James of their lack of security when they started *Pizza Pilgrims*.

(6)

(Total for Question 4 = 8 marks)

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5 Table 2 shows the selling price for a selection of pizzas from the *Pizza Pilgrims'* menu.

Type of pizza	Price
Margherita	£11.50
Nduja	£14.50
Mushroom and Truffle	£15.50
Fiorentina	£12.25
Americana	£13.50

Table 2

(a) Using the information in Table 2, calculate the average selling price for a pizza.
You are advised to show your workings.

(2)

£..

Table 3 shows the number of pizzas sold in April and the total cost of producing each pizza.

Type of pizza	Number sold in April	Total cost per pizza
Margherita	220	£3.50
Nduja	185	£4.00
Mushroom and Truffle	170	£4.10
Fiorentina	210	£3.75
Americana	200	£3.90

Table 3

(b) Using the information in Table 2 and Table 3, calculate the amount of profit made in April from selling Nduja pizzas. You are advised to show your workings.

(2)

£..

(c) Analyse the impact on *Pizza Pilgrims* from an increase in the rate of inflation.

(6)

(Total for Question 5 = 10 marks)

6 (a) State **one** cash outflow for *Pizza Pilgrims*.

(1)

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(b) Outline **one** drawback to *Pizza Pilgrims* from using digital payment systems.

(2)

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In order to increase profit, *Pizza Pilgrims* is considering two options:

Option 1: increase the prices of 'Pizza Through the Post'

Option 2: adding more items to the menu

(c) Justify which **one** of these two options *Pizza Pilgrims* should choose.

(9)

(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** way that *Teendrive* must meet employment law.

(1)

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Table 4 shows the price of block booked driving lessons at *Teendrive*.

Number of hours	Cost of lessons
Block of 10	£300
Block of 20	£590
Block of 30	£870

(Source: https://www.teendrive.co.uk/)

Table 4

(b) Using the information in Table 4, identify which block of lessons would be the most expensive per individual lesson.

(1)

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(c) Outline **one** reason why the idea of *Teendrive* came about.

(2)

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In order to increase market share, the owner of *Teendrive* is considering two options:

Option 1: use market mapping to target new customers

Option 2: increase spending on advertising.

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

(9)

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(e) Evaluate the likely impact of an improvement in the economic climate to the success of *Teendrive*. 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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Business

PAPER 1: Investigating small business

Source Booklet

Do not return this Booklet with the question paper.

Turn over ▶

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SECTION B

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

Extract A

IN CRUST WE TRUST

(Source: © Robert K. Chin / Alamy Stock Photo)

Figure 2

In 2012, brothers, Thom and James, decided to quit their jobs and fly to Italy. Whilst living in Italy they spent time in the city of Naples, learning all they could about the true art of pizza making. This gave them the inspiration to start *Pizza Pilgrims*. They decided to buy a truck in Italy and drive it back to London. Once back home in London, they installed a traditional pizza oven and created a food truck. It is used to serve high quality food at events and music festivals throughout the UK.

Pizza Pilgrims makes all its dough fresh each day and imports the best ingredients from Italy. Thom and James believe this leads to a pizza with the best possible pizza crust. This is something that gives them a competitive advantage over other food trucks. It has allowed the business to expand into other areas such as 'Pizza Through the Post', where customers can order ingredients and recipes to be delivered so they can make their own pizzas at home.

Thom and James continuously try to improve the quality of their food. They visit Italy each year to source new suppliers and to undergo training to improve their cooking skills. All of the ingredients come from sustainable sources, and they minimise the use of packaging to reduce the impact of the business on the environment.

(Source: adapted from https://www.pizzapilgrims.co.uk/our-story/)

SECTION C

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

Extract B

(Source: © Gary L Hider/Shutterstock and © James Bowyer/Shutterstock)

Figure 3

Teendrive is a driving school that targets young people who want to learn to drive. The business believes that learning to drive is currently too expensive and aims to reduce the price of driving lessons by offering cheaper, block booked driving lessons. This allows customers to reduce the cost of individual lessons by booking them in blocks of between five and forty lessons.

The business employs a team of highly experienced driving instructors which has led to an excellent pass rate for its students. As a result, the business spends very little on advertising as most of its customers come from word-of-mouth recommendations from previous customers who have passed their driving tests with *Teendrive*.

Teendrive also offers 'fast pass' courses that are intensive courses designed to help customers who are short on time. These courses have proved popular with people who need to be able to drive to start a new job.

A unique service offered by *Teendrive* is driving lessons aimed at customers who are under the age of 17. Young drivers from the age of 14 are taught in the same way as if they were taking driving lessons on the road. Skills such as using gears, turning at junctions and reverse parking are taught in a large car park that is hired by *Teendrive* to hold the lessons.

In 2024, the economic climate of the UK showed signs of improvement. This had a positive impact on small businesses, such as *Teendrive*. Interest rates were reduced to 4.75% and the level of unemployment fell slightly to 4.2%.

(Source: adapted from https://www.teendrive.co.uk/)

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