

Write your name here

Surname

Other names

Pearson
Edexcel GCSE

Centre Number

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Candidate Number

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Business Studies,
Business Communications
Business Studies and Economics

Unit 1: Introduction to Small Business

Wednesday 20 May 2015 – Morning

Time: 45 minutes

Paper Reference

5BS01/01

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.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 40.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (*) are ones where the quality of your written communication will be assessed
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- The marks available for spelling, punctuation and grammar are clearly indicated.

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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Answer ALL questions.

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 Which **one** of the following is an example of a long-term source of finance?

Select **one** answer:

- A** Sales revenue
- B** Bank loan
- C** Trade credit
- D** Overdraft

(Total for Question 1 = 1 mark)

2 Which **one** of the following might a sole trader pay on their profits?

Select **one** answer:

- A** Corporation Tax
- B** National Insurance
- C** Income Tax
- D** Import Duty

(Total for Question 2 = 1 mark)

3 Which **three** of the following are fixed costs of a manufacturing business?

Select **three** answers:

- A** Raw materials
- B** Salaries of managers
- C** Rent on premises
- D** Packaging for products
- E** Interest on a bank loan
- F** Parts and components

(Total for Question 3 = 3 marks)



Questions 4 to 6 are based on the information below:

Finishing Touches was started by Paul Russell in 2013. The business hires out chair covers and ribbons for weddings, school proms and other events.

In Paul's second year of trading the interest rate increased from 1.5% to 3%.

4 Identify **two** possible effects of this change in the interest rate on Paul's business.

Select **two** answers:

- A** Greater competition from rivals
- B** Increased variable costs
- C** Lower sales
- D** Higher loan repayments
- E** Reduced fixed costs

(Total for Question 4 = 2 marks)

5 Which **one** of the following is an example of a calculated risk for Paul's business?

Select **one** answer:

- A** Sales have increased by 10% in the past 12 months
- B** Expenses have increased by 15% in the past year
- C** Profit for the year has decreased by 3.5%
- D** There is a 30% chance of his business failing

(Total for Question 5 = 1 mark)

6 Which **three** of the following are sources of added value for a business such as *Finishing Touches*?

Select **three** answers:

- A** Having a range of designs
- B** Meeting legal requirements
- C** Reducing prices
- D** Improving quality
- E** Having a unique selling point
- F** Higher raw material costs

(Total for Question 6 = 3 marks)



7 Legislation protects workers from which **one** of the following types of discrimination?

Select **one** answer:

- A Political
- B Ethical
- C Age
- D Ability

(Total for Question 7 = 1 mark)

Gold, a commodity, is mined in countries such as South Africa, and traded across the world.

8 Which **two** of the following would increase the price of gold?

Select **two** answers:

- A Improved gold mining technology
- B Industrial disputes in gold mines
- C Increased costs of mining gold
- D Decreased levels of tax on gold
- E Falling income of consumers

(Total for Question 8 = 2 marks)

A UK business sells its product in Europe. The price per unit is £26.00.

The exchange rate between the pound and the euro is £1 = €1.25.

9 What would be the cost, in euros, of 425 units?

Select **one** answer:

- A €452.25
- B €531.25
- C €11 050.00
- D €13 812.50

(Total for Question 9 = 1 mark)



Questions 10 and 11 are based on the information below.

Hamish started his business three years ago as a sole trader supplying and fitting kitchens. He now wants the business to be a private limited company. As part of this process he needs to produce a business plan.

10 Which **three** of the following would Hamish include in his business plan?

Select **three** answers:

- A** Summary of the market research carried out
- B** Copy of the design of his letter heading
- C** Projected profit and loss account
- D** All receipts and invoices
- E** Names and addresses of all employees
- F** Overview of the nature of the business

(Total for Question 10 = 3 marks)

Below is copy of Hamish's cash flow forecast from his business plan.

11 Fill in the **three** blanks to complete the cash flow forecast.

	Aug	Sep	Oct	
	£000	£000	£000	
Opening Balance	44	40	45	
Cash Inflow	26		18	(1)
Cash Outflow	30	22	13	
Net Cash Flow		5	5	(1)
Closing Balance	40	45		(1)

(Total for Question 11 = 3 marks)



Questions 12 and 13 are based on the information below.

Brownlow is a business that builds water features for gardens. It has recently experienced a fall in sales.

12 Which **two** of the following might explain this fall in sales?

Select **two** answers:

- A Weather has been poor over the last few months
- B Cost of raw materials has fallen
- C Interest rates have remained the same
- D Improved staff training programme
- E Gardens are smaller and have no available space

(Total for Question 12 = 2 marks)

Brownlow records the following transactions between January and April 2015.

Money paid to <i>Brownlow</i> by its customers	£5 000
Money owed to <i>Brownlow</i> by its customers	£10 000
Cash outflow	£70 000

13 What is the most likely outcome for *Brownlow* based on the above information?

Select **one** answer:

- A Growth
- B Insolvency
- C Franchise
- D Expansion

(Total for Question 13 = 1 mark)



Question 14 and 15 are based on the information below.

Whilst at college Jazwinder Kaur made teddy bears for friends and relatives. She wants to start a business but needs to decide between setting up as a sole trader or buying into a franchise. The market for teddy bears is very competitive but Jazwinder produces a teddy bear that is made to customers' exact requirements.

14 Which **two** of the following are most likely to give Jazwinder a competitive advantage?

Select **two** answers:

- A Having unlimited liability
- B Providing a unique product
- C Operating in a competitive market
- D Developing a strong brand image
- E Identifying different market segments

(Total for Question 14 = 2 marks)

15 Which **three** of the following could be advantages to Jazwinder if she bought into a franchise?

Select **three** answers:

- A The franchisor provides training to the franchisee
- B A franchisee makes all their own decisions
- C The franchisor provides continued help and support
- D A franchisee pays lower rates of Value Added Tax (VAT)
- E The franchisor pays the franchisee to set up in business
- F The franchisor provides all supplies used in the business

(Total for Question 15 = 3 marks)



Anne is planning to open a hairdressing salon.

16 Which of the factors below would be the **least** important to Anne when deciding where to locate her salon?

Select **one** answer:

- A** Competition
- B** Customers
- C** Staff
- D** Supplies

(Total for Question 16 = 1 mark)

In early 2014 there were widespread floods across England. These floods had a negative effect on the UK supply of many crops, including potatoes.

17 Which **one** of the following is the most likely effect of these floods on the market for potatoes?

- A** The demand for potatoes will increase
- B** The demand for potatoes will decrease
- C** The price of potatoes will increase
- D** The price of potatoes will decrease

(Total for Question 17 = 1 mark)



In 2006, Martini appeared on a TV programme to demonstrate her Italian sauces, in the hope that the presenters of the show would invest £50 000 in return for 40% of her company. The sauces gained fame as a result of her television appearance and went on sale nationwide.

The origin of the recipe is disputed by Giovanni, who runs an Italian takeaway in Brixton, South London. Giovanni said, "The recipes are mine. People round here know, but we don't say."

18 Identify how Giovanni could have protected his recipe?

Select **one** answer:

- A** Trademark
- B** Business plan
- C** Patent
- D** Copyright

(Total for Question 18 = 1 mark)

19 Which **three** of the following documents could a candidate submit when applying for a job?

Select **three** answers:

- A** Curriculum vitae
- B** Application form
- C** Person specification
- D** Job description
- E** Shortlist
- F** Covering letter

(Total for Question 19 = 3 marks)



20 Match the term on the left with the correct definition on the right.

The first one has been done for you.

Term	
Venture capital	i
Market map	ii
Stakeholder	iii
Quantitative data	iv
Market segment	v
Lateral thinking	vi

	Definition
A	Information that can be counted or expressed numerically.
B	Goods or services sold to foreign buyers.
C	A way of showing the net cash flow at the end of each period.
D	A way of solving problems by rejecting traditional methods in favour of more radical methods.
E	Money invested into a new business idea where there is an element of risk.
F	A group that has an interest in the success of a business or is affected by the activities of a business.
G	A visual means of showing where a product is positioned in the market.
H	Information about opinions, judgements and attitudes.
I	A group of buyers with similar buying habits.

- (i) **E**
- (ii)
- (iii)
- (iv)
- (v)
- (vi)

(Total for Question 20 = 5 marks)

TOTAL FOR PAPER = 40 MARKS



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