



EXAM PAPERS PRACTICE

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Level: Pearson Edexcel Level 1/Level 2 GCSE (9-1) in Business (1BS0)

Subject: Business (1BS0)

Topic: GCSE Edexcel Business

Type: Topic Question



Business Edexcel GCSE

To be used for all exam preparation for 2025+

Business

GCSE

Key skills

Question 1

Table 1 contains information about a new piece of machinery that a business wants to purchase.

Average annual profit	£100 000
Cost of new machine	£400 000

Table 1

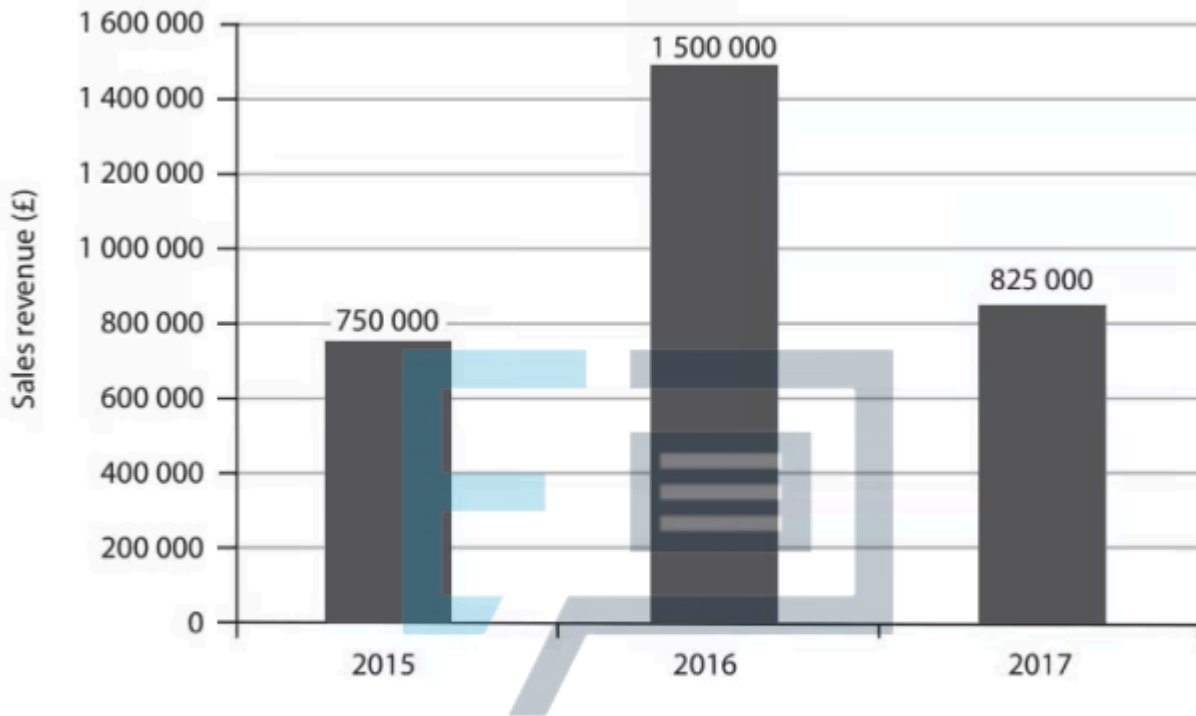
Using the information in Table 1, calculate the average rate of return. You are advised to show your workings.

..... %

[2 marks]

Question 2

Figure 1 shows the sales revenue of a business over three years.



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Figure 1

Using the information in Figure 1, calculate the percentage increase in sales revenue from 2015 to 2016. You are advised to show your workings.

..... %

[2 marks]

Question 3

CASE STUDY

Mind Candy Ltd produces games and apps for computers and mobile devices. Its most successful game was Moshi Monsters. The game was aimed at young teenagers and was a global hit, with 80 million users in 2012.

In 2013, Mind Candy made large losses as sales revenue fell due to the falling popularity of its games. This was blamed on the short product life cycle of Moshi Monsters and increased competition in its market. As a result of these losses, Mind Candy reduced its workforce of software developers.

Mind Candy now needed to raise £1.2 million of extra finance. It required this finance to pay existing costs and fund the development of new apps such as Petlandia. Mind Candy believes Petlandia will allow it to return to organic growth. The app is free to download and allows players to design a virtual version of their own pet. This virtual pet can go on an adventure within the app. The adventure is then turned into a personalised storybook which can be purchased for £19.99.

Table 2 contains information about Mind Candy's performance in 2013.

Sales revenue	£30 560 692
Gross profit	£22 190 385
Other operating expenses and interest	£25 044 332

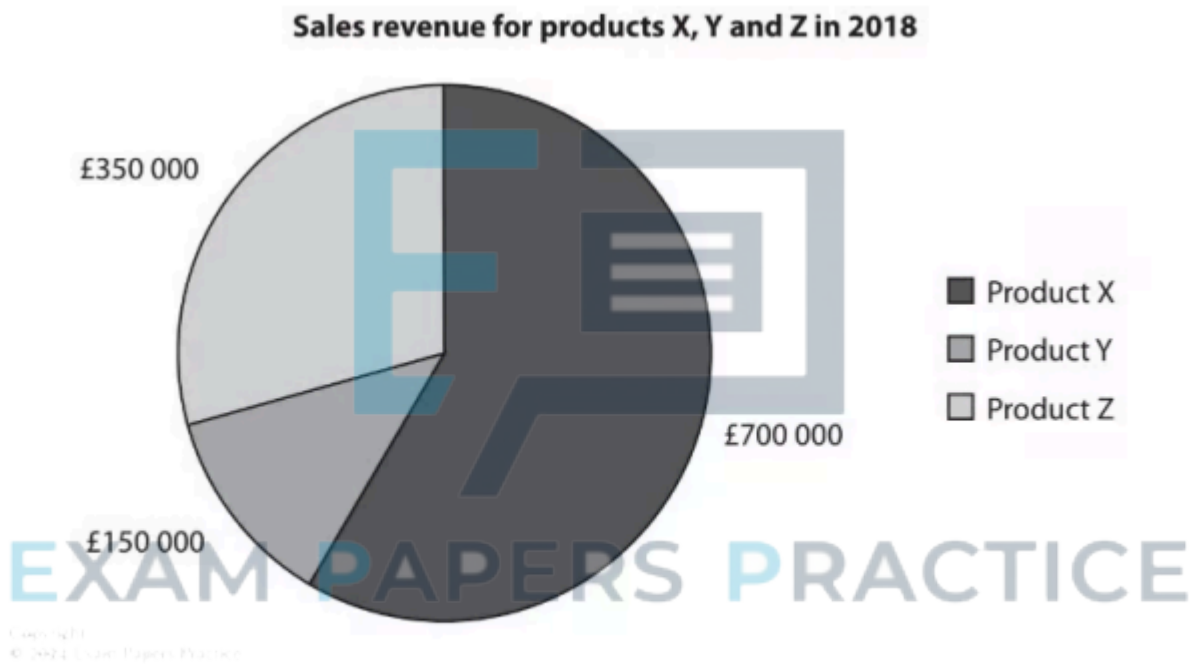
Table 2

Using the information in Table 2, calculate, to 2 decimal places, Mind Candy's gross profit margin. You are advised to show your workings.

..... %
[2 marks]

Question 4

In 2018 a business sold three products, X, Y and Z. Figure 1 shows the sales revenue generated for each of these products.



Using the information in Figure 1, calculate, to 2 decimal places, the percentage of total sales revenue made by product X in 2018. You are advised to show your workings.

..... %

[2 marks]



Question 5

CASE STUDY

Tesla is a public limited company based in California, USA. Its founder and main shareholder, Elon Musk, wanted to produce an electric car that is affordable to a large number of potential customers. This car is called the Tesla Model 3 (Figure 3).

Introduced in 2017, the basic version of the Model 3 was originally priced at \$50 000 and the company wanted to reduce this price to \$35 000 by 2019. However, this was difficult to achieve because Tesla's California factory suffered from low levels of productivity. These problems resulted in Tesla making a \$976 million loss in 2018.

Following the introduction of tariffs on US imports by the Chinese government in 2018, Tesla decided to invest \$5 billion in the construction of a new car factory in Shanghai, China. This factory will use flow production. However, with only \$2.4 billion of available capital, Tesla needs to raise external finance to fund it.

In 2019, Tesla decided to close most of its showrooms to reduce costs. The company believes customers will be happy to purchase electric cars using e-commerce.

Table 2 contains information about the price of a Tesla Model 3 car between 2017 and 2019.

Year	Price (in US\$)
2017	50 000
2018	41 000
2019	35 000

Table 2

Using the information in Table 2, calculate the percentage reduction in the price of a Tesla Model 3 car between 2017 and 2019.

..... %

[2 marks]

Question 6

Explain **one** way that a business could use historical sales revenue data.

[3 marks]

Question 7

Discuss the limitations of using financial data to make business decisions.

[3 marks]

Question 8

CASE STUDY

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Sales revenue	£44 320 542
Gross profit	£21 450 974
Other operating expenses and interest	£18 084 104

Table 2



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..... %
[2 marks]

Question 9

Discuss the ways a business could increase its gross profit margin.

[6 marks]

Question 10

CASE STUDY

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Analyse the benefit to Mind Candy of calculating the Average Rate of Return (ARR) for the development of the new Petlandia app.

[6 marks]

Question 11

Explain **one** way a business could improve its net profit margin.

[3 marks]

Question 12

CASE STUDY

Kentucky Fried Chicken (KFC) is a fast food chain that sells fried chicken. Amongst its most popular products are Popcorn Chicken, Boneless Chicken boxes and Zinger Tower burgers. These are freshly cooked in batches in each of its 900 restaurants across the UK.

In 2017, KFC changed the company it used to transport its supplies of chicken. It replaced Bidvest with DHL. Bidvest had three distribution centres across the UK, but DHL only had one. In February 2018, DHL started to have logistical problems causing many KFC restaurants to run out of chicken. This led to a temporary closure of many KFC branches due to poor supplier reliability.

As a result of these closures, KFC started losing market share to rival fast food restaurants such as Burger King. KFC used social media and a viral advertising campaign to apologise to customers. It also considered lowering the prices of its most popular food items to win back lost customers and recapture market share.

Analyse the likely impact on KFC's net profit of the supply issues faced in 2018.

[6 marks]