



EXAM PAPERS PRACTICE

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Detailed mark scheme

Suitable for all boards

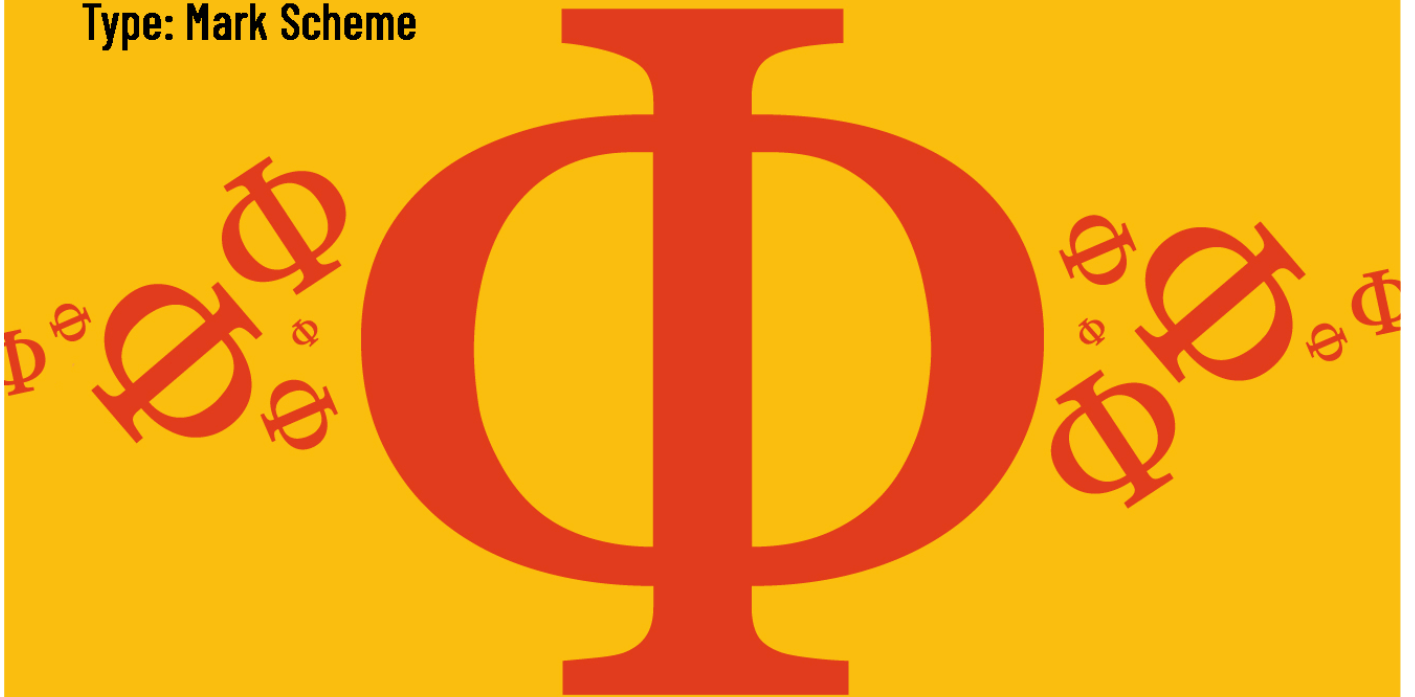
Designed to test your ability and thoroughly prepare you

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

Subject: Business (1BS0)

Topic: GCSE Edexcel Business

Type: Mark Scheme



Business Edexcel GCSE

To be used for all exam preparation for 2025+

Business

GCSE

Key skills

Question 1

Total costs = Total Fixed Costs + Total Variable Costs

Total fixed costs = £3,600

Total variable costs = £9 x 340 = £3,060 [1]

Total costs = £3,600 + £3,060 = £6,660 [1]

Examiner tips

- 1 mark may be awarded for any valid working
- 2 marks can only be awarded for a correct answer



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Question 2

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An entrepreneur may want to achieve a better work-life balance [1] which allows them to fit their work around their domestic commitments [1] instead of working fixed hours determined by an employer [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- Personal satisfaction → achieved something in life [1] → due to the hard work of starting a business [1]
- Independence [1] → make their own decisions [1] instead of being told what to do as an employee [1]

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one point earns one mark

Question 3

Total profit = Total Revenue - Total Cost

Total revenue = £12,000 + £10,000 + £14,000 = £36,000

Total costs = £8,000 + £10,000 + £12,000 = £30,000

Total profit = £36,000 - £30,000 [1] = £6,000 [1]

Examiner tips

- 1 mark may be awarded for any valid working
- 2 marks can only be awarded for a correct answer

Question 4

$$\text{Break Even Output} = \frac{\text{Fixed Costs}}{\text{Contribution}}$$

Fixed costs = £2,730

Selling price = £2.00

Variable cost per dessert = £0.50 + £0.20 = £0.70

Contribution = Selling price - Variable cost per unit

Contribution = £2.00 - £0.70 = £1.30 [1]

$$\text{Break Even Output} = \frac{£2,730}{£1.30} = 2,100 \text{ desserts [1]}$$

Examiner tips

- 1 mark may be awarded for any valid working
- 2 marks can only be awarded for a correct answer

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Question 5

Increase in raw materials cost = £0.50 x 1.04 = £0.52 [1]

Total variable cost per unit after raw materials cost increase =

£0.52 + £0.20 = £0.72 [1]

Examiner tips

- 1 mark may be awarded for any valid working
- 2 marks can only be awarded for a correct answer

Question 6

Trade credit is relatively easy to obtain [1] as long as a business has a good trading relationship with its suppliers [1] saving time that might be used in completing applications for other sources of finance [1]

Examiner tips

- The model answer is an example. Yours may be different
- This response is rewarded 3 marks as it makes a **valid point** which is **fully developed** with a short chain of reasoning

Alternative ways to answer

- Buy stock now and pay later → sell goods → they are paid for → improves cash flow
- Low-cost source of finance → no interest is charged → costs are kept low

Guidance

- 'Explain' requires you to make a **valid point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- No application is needed

Question 7

Net cash flow = Cash inflows – Cash outflows

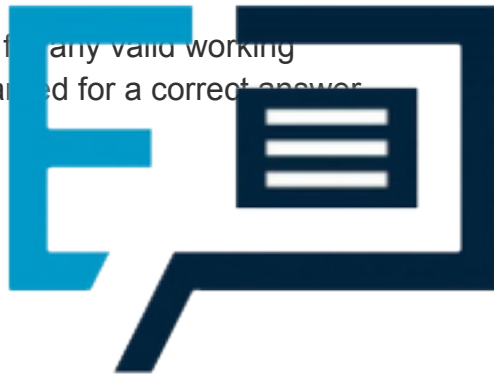
Cash inflows = 200 units x £15 = £3,000

Cash outflows = £500 + £1,000 + £150 = £1,650

Net cash flow = £3,000 – £1,650 [1] = £1,350 [1]

Examiner tips

- 1 mark may be awarded for any valid working
- 2 marks can only be awarded for a correct answer



Question 8

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$$\text{Percentage change} = \frac{\text{July amount} - \text{May amount}}{\text{May amount}} \times 100$$

July amount = £16,000

May amount = £10,000

July amount - May amount =

£16,000 - £10,000 = £6,000

$$\text{Percentage change} = \frac{£6,000}{£10,000} [1] \times 100 = \mathbf{60\% [1]}$$

*Total costs increased by **60%** between May and July*

Examiner tips

- 1 mark may be awarded for any valid working
- 2 marks can only be awarded for a correct answer

Question 9

$$\text{Selling price per bike} = \frac{\text{Total revenue}}{\text{Number of bikes}}$$

$$\text{Total Revenue} = \text{£}1,100,000$$

$$\text{Number of bike sales} = 2,000$$

$$\text{Selling price per bike} = \frac{\text{£}1,100,000}{2,000} = \text{£}550$$

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Examiner tips

- 1 mark may be awarded for any valid working
- 2 marks can only be awarded for a correct answer

Question 10

$$\text{Profit} = \text{Revenue} - \text{Total Costs}$$

$$\text{Total Revenue} = \text{£}1,100,000$$

$$\text{Total Costs} = \text{Fixed costs} + \text{Total variable costs}$$

$$\text{Fixed costs} = \text{£}150,000$$

$$\text{Total variable costs} = \text{£}350 \times 2,000 = \text{£}700,000$$

$$\text{Total costs} = \text{£}150,000 + \text{£}700,000 = \text{£}850,000$$

$$\text{Profit} = \text{£}1,100,000 - \text{£}850,000 = \text{£}250,000$$

Examiner tips

- 1 mark may be awarded for any valid working
- 2 marks can only be awarded for a correct answer

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Question 11

$$(i) \text{ Closing balance} = \text{Net cash flow} + \text{Opening balance}$$

$$\text{May closing balance} = \text{£}4,400 + \text{£}600 = \text{£}5,000 [1]$$

$$(ii) \text{ Net cash flow} = \text{Cash inflows} - \text{Cash outflows}$$

$$\text{June net cash flow} = \text{£}13,400 - \text{£}9,100 = \text{£}4,300 [1]$$

Examiner tips

- 1 mark is awarded for each fully correct answer
- Workings are not required
- Partially correct answers will receive 0 marks

Question 12

$$\text{Percentage change} = \frac{\text{March amount} - \text{January amount}}{\text{January amount}} \times 100$$

March amount = £6,400

January amount = £10,300

July amount - May amount = £6,400 - £10,300 = -£3,900

$$\text{Percentage change} = \frac{-£3,900}{£10,300} \times 100 = -37.86\% [1]$$

Sales revenue decreased by 37.86% between January and March

Examiner tips

- 1 mark may be awarded for any valid working
- 2 marks can only be awarded for a correct answer

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Question 13

Manufacturing a high quality product may require specialised machinery [1] which is likely to be expensive [1] leading to a business having to charge high prices to cover capital expenditure costs [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- More expensive to produce → the cost of raw materials is likely to be high → need to charge a premium price that some customers cannot afford
- Specialised labour needed → may be difficult to recruit → may have to pay high training costs to develop employee skills

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one point and no explanations scores one mark

Question 14

Cash is important because it means that employees can be paid on time and in full [1] so they are less likely to leave the business to work elsewhere [1] and labour turnover should remain low [1]

Examiner's tips

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- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- Can pay suppliers on time → maintains supplier trust and continued access to trade credit → improved cash flow
- Prevents insolvency → running costs such as rent and utilities can be paid → can continue to function and make sales

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one point and no explanations scores one mark

Question 15

Reducing costs by buying cheaper spare parts for its hire bikes [Point] could mean that the quality of repairs for which the business is well-known [Application] is reduced, leading to more frequent breakdowns and bikes being unavailable to rent. This is likely to mean lower revenue from rentals and therefore increase the break even point [Analysis] .

Reducing costs by offering a range of lower-priced accessories [Point] than the Endura and Altura brands they currently stock [Application] may encourage a greater number of customers to purchase items that are within their budget and lead to higher levels of sales revenue which could lower the break even point [Analysis]

Examiner tips

- This is a model answer which should be awarded 6 marks because it contains all the parts outlined below
 - Appropriate **business terminology** is used throughout with two distinct and valid points made showing **accuracy** of application **and understanding**
 - Both points have been fully developed with **logical** and **applied chains of analysis** that are focused on the question
- This response considers **both a positive and a negative impact** for *On Your Bike* and contains a concise chain of analysis just enough to earn the 6 marks

Alternative ways to answer

- More profit per bike → if the average price remained at £550 → sell fewer cycles in order to cover fixed costs and break even
- Reduce mechanics' salary and training costs → worse customer service → lowers sales revenue → increases the break even point

Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge, application and analysis**
- At least **two valid impacts** using the **Point + Analysis + Application** structure must be developed to gain 5-6 marks
- The response must be focused throughout on *On Your Bike*
- *When asked to 'analyse the impact'* consider one positive and one negative aspect