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Business and Economics Specialists since Sept 1999



Topic and End of Theme Tests

for **Edexcel GCSE (9-1) Business**

Theme 1: Investigating Small Business

98 'Section A' Style Exam Questions
7 Tests of 14 Questions

5 Individual Topic Tests
2 'End of Theme' Tests

Detailed Mark Schemes / Answers

SAMPLE MATERIAL

Minimising Workloads, Maximising Performance

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FOREWORD

This resource consists of 7 sets of 14 'Section A' style exam questions to test students' knowledge and understanding of the subject content required to be covered for Edexcel GCSE (9-1) Business - **Theme 1: Investigating Small Business**.

The resource contains a set of 14 questions on each of the 5 topic areas listed in the Edexcel Theme 1 specification, ie 14 'Section A' style exam questions on each of the following topics:

- 1.1 Enterprise and entrepreneurship
- 1.2 Spotting a business opportunity
- 1.3 Putting a business idea into practice
- 1.4 Making the business effective
- 1.5 Understanding external influences on business.

It also contains:

- 2 'end of theme' tests, ie 2 sets of 14 questions which test students' knowledge and understanding of any aspect of Theme 1.

A comprehensive range of possible answers are provided for each question posed.

The resource enables students to be tested at the end of each topic covered in class, as well as at the very end of their study of Theme 1, with the tests being issued either for homework, or undertaken in more formal exam conditions.

The question papers could be used as worksheets - with students researching topics / sub-topics independently to find answers to the question posed.

The answers section could also be used to support the teaching of each topic, due to the comprehensive range of possible responses provided.

Each test reflects the sample assessment material produced by Edexcel for 'Section A' of Paper 1, which is based on Theme 1. Each 30-35 minute test is, therefore, marked out of 35 and largely consists of 1 and 2-mark 'multiple-choice', 3-mark 'explain' and 6-mark 'discuss' questions. Edexcel's sample assessment material for 'Section A' of Paper 1 also includes 2-mark 'calculation' questions. Calculation questions are included in the two 'end of theme' tests contained within this resource, which test students on any aspect of Theme 1. They are also included in the individual topic tests - where topic content allows. Where topic content does not include financial or numerical business concepts, 2-mark questions requiring students to 'give' an answer, which test recall of knowledge from the specification content are used instead. ('Give' is listed as a command word that may be used in Edexcel GCSE Business question papers - in Appendix 1 on p.29 of the Specification).

Sample material has been extracted from the very first topic on '**Enterprise and entrepreneurship**'. It consists of 5 out of the 14 questions contained in this topic test, which carry 14 out of the total 35 marks. It comprises one of each of the following types of question: a **1-mark multiple-choice** question, a **2-mark multiple-choice** question, a 2-mark **calculation** question, a 3-mark **explain** question, and a 6-mark **discuss** question.

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Topic 1.1

Enterprise and Entrepreneurship



Note to teachers: The specification for Topic 1 (and specifically Topic 1.1.2 on 'Risk and reward') requires students to learn that 'profit' is a reward for starting and running a business. Although the concept and calculation of profit is subsequently referred to in Topic 3 (on 'Business revenues, costs and profit'), it is assumed that in order to understand profit as a reward for risk, a definition of profit which covers its basic calculation, ie $\text{profit} = \text{revenue} - \text{costs}$, is included in the teaching of Topic 1. This provides scope to test students' quantitative skills early on in the course; hence the inclusion, in this first Topic Test on Theme 1, of two 2-mark questions requiring students to know how to calculate profit, as well as testing students' more general understanding of percentages.

TOPIC 1 Test: Enterprise and Entrepreneurship - SAMPLE

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in the box . If you change your mind about an answer, put a line through the box and then mark your new question with a cross .

Q1 (a) Which **one** of the following is an example of a service?

Select **one** answer:

(1)

- A** Mountain bike
- B** Dental treatment
- C** Earphones
- D** Laptop

Q2 (b) Which **two** of the following are **least** likely to be demonstrated by a successful entrepreneur?

Select **two** answers:

(2)

- A** A tendency to be cautious
- B** A determination to succeed
- C** A passion about their business idea
- D** An ability to make timely business decisions
- E** An unwillingness to take responsibility

The table below shows some key financial information for a small business.

Q2 (c) Complete the table with the **two** missing figures.

(2)

	Year 1 (£)	Year 2 (£)
Revenue	87 613	100 349
Costs	63 408	(ii)
Profit	(i)	38 714

Q2 (d) Explain **one** role of a business enterprise.

(3)

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Q3 (e) Discuss the risks a potential entrepreneur should consider when deciding whether or not to start a business.

(6)

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TOPIC 1: Enterprise and Entrepreneurship - Mark Scheme / Answers - **SAMPLE**

Q1 (a) Which **one** of the following is an example of a service?

- A Mountain bike
- B Dental treatment
- C Earphones
- D Laptop

Question number	Answer	Mark
1(a)	B	(1) AO1a

Q2 (b) Which **two** of the following are **least** likely to be demonstrated by a successful entrepreneur?

- A A tendency to be cautious
- B A determination to succeed
- C A passion about their business idea
- D An ability to make timely business decisions
- E An unwillingness to take responsibility

Question number	Answer	Mark
2(b)	A, E	(2) AO1a

The table below shows some key financial information for a small business.

Q2 (c) Complete the table with the **two** missing figures.

	Year 1 (£)	Year 2 (£)
Revenue	87 613	100 349
Costs	63 408	(ii)
Profit	(i)	38 714

Question number	Answer	Additional guidance	Mark
2(c) (i)	24 205	Do not accept any other answer	(1) AO2

Question number	Answer	Additional guidance	Mark
2(c) (ii)	61 635	Do not accept any other answer	(1) AO2

Q2 (d) Explain **one** role of a business enterprise.

Question number	Answer	Mark
<p>2(d)</p>	<p>Award 1 mark for identification of a role, plus 2 further marks for explaining this role, up to a total of 3 marks.</p> <p><i>Teacher's note: There is a wide range of possible 3-mark responses to this question. Several examples are provided below. Within these examples there are several words and phrases in brackets and in italics. It should be appreciated that each paragraph below would be sufficient to secure the full 3 marks, without these bracketed 'examples' relating to key business terms. However, these examples demonstrate sound knowledge and understanding of the subject and, in many cases, providing an example in a question requiring an 'explanation' of something will help secure marks - as is evident in the paragraph at the bottom of this page. Hence, students should be encouraged to provide examples wherever possible - wherever time allows.</i></p> <p>One role of business enterprise is to produce goods or services (1). Goods are tangible ie physical objects that can be seen and touched (<i>eg food, shampoo, car, computer</i>) (1). Services are intangible, ie they cannot be seen or touched / Services are tasks that other people do for you (<i>eg cutting your hair, looking after your money, prescribing treatment when you are ill</i>) (1).</p> <p>One role of business enterprise is to meet / satisfy customer needs and wants (1). People have basic needs that businesses provide, which must be satisfied in order to survive (<i>eg food, water, warmth, shelter, clothes</i>) (1). Wants are not essential for survival but help to make life more comfortable and enjoyable (<i>eg magazines, computer games, holidays</i>) (1).</p> <p>One role of business enterprise is to provide a product which meets / satisfies customer expectations (1). Once a person commits to buying a product they become customers of a business and have certain expectations about the product / service they are buying, which they expect the business to satisfy (1). These largely concern the quality of the product or service provided, but may also concern other aspects relating to the sale (<i>eg price, credit terms, delivery times, and after sales service</i>) (1).</p> <p>The main role of a business is to generate wealth for those who own and control the business (1). Businesses do this by taking inputs (<i>resources such as raw materials</i>) and through various processes transform these into more valuable outputs (<i>finished goods and services</i>) (1). For example, (<i>1 mark for any single, accurate example...</i>) the ingredients needed to produce a chocolate bar (<i>eg cocoa, sugar, milk</i>), may cost 20p, but the selling price may be £1. The original ingredients have gone through various processes which require the application of additional resources and this increases their worth (value) to the customer. (1)</p>	<p>(3) AO1a=1 AO1b=2</p>

	<p><i>Alternative answer related to adding value...</i> Businesses have numerous goals (<i>aims and objectives</i>) which they strive to achieve, but the majority of these can be directly related to generating / maximising wealth for the entrepreneur (<i>and employees</i>) and adding value for customers (1). For the business, adding value is reflected in the difference between the selling price of a product or service and the cost of bought-in materials or components and services which are needed to produce / provide it (1). For consumers, adding value involves providing products / services that consumers need or want and so they do not have to produce or do things for themselves (1).</p> <p><i>Accept any other appropriate response. Answers that list more than one role with no explanation will be awarded a maximum of 1 mark.</i></p>	
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Q3 (e) Discuss the risks a potential entrepreneur should consider when deciding whether or not to start a business.

Question number	Indicative content	Mark
3(e)	<p><i>Students only have around 6 minutes to answer these 'Discuss' questions, with 12 lines allocated for their answer. Several bulleted paragraphs with relevant points are presented below, not all of which would be required to secure maximum marks. In these 6-mark questions, just 2 or 3 relevant, well-developed points should be sufficient to secure the maximum marks. These questions are marked using level descriptors detailed on the following page.</i></p> <ul style="list-style-type: none"> • Risk is the possibility of an event or condition occurring that will have a negative or harmful impact (<i>eg cause damage, injury or loss</i>) on something perceived to be of value (AO1b). • The main risk associated with starting a new business is the possibility of business failure (AO1b) which could, ultimately, lead to financial loss and emotional suffering (<i>not only for the entrepreneur, but also for employees and suppliers</i>) (AO3a). • In terms of financial loss, a significant amount of money may be required to purchase the resources (<i>eg the premises, machinery, materials, etc</i>) to start the business, a large proportion of which may be paid for using the entrepreneur's own personal funds (AO1b). If the business fails, the entrepreneur (<i>and / or any other business investors</i>) will have to bear the financial costs of failure and pay off any debts incurred (AO3a). • The entrepreneur may also suffer emotionally (<i>eg from low self-esteem</i>) as a result of failure to establish his / her idea in the market place (AO1b, AO3a). • Even if the business does not fail, setting up and running a business requires a great deal of hard work which can put a strain on social and family life and relationships, and can cause emotional stress (AO1b, AO3a). If an entrepreneur does not have the support of their partner / family to begin with, then this could create conflict later and could, ultimately, be a factor leading to business failure (AO3a). 	<p>(6) AO1b=3 AO3a=3</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	<ul style="list-style-type: none">• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited use of business terminology (AO1b).• Attempts to deconstruct (interpret and/or analyse) business information and / or issues, finding limited connections (links, relationships) between points (AO3a).
Level 2	3-4	<ul style="list-style-type: none">• Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b).• Deconstructs business information and / or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).
Level 3	5-6	<ul style="list-style-type: none">• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b).• Deconstructs business information and / or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).