Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number

Candidate Number

Pearson Edexcel International GCSE

Monday 11 May 2026

Afternoon (Time: 1 hour 30 minutes)

Paper reference **4BS1/01R**

Business

PAPER 1: Investigating small businesses

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 80.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

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

FORMULAE FOR INTERNATIONAL GCSE BUSINESS

Gross profit margin:

Gross profit = revenue – cost of sales

$$\text{Gross profit margin} = \frac{\text{gross profit}}{\text{revenue}} \times 100$$

Operating profit margin:

Operating profit = gross profit – other operating expenses

$$\text{Operating profit margin} = \frac{\text{operating profit}}{\text{revenue}} \times 100$$

Markup:

$$\text{Markup} = \frac{\text{profit per item}}{\text{cost per item}} \times 100$$

Return on capital employed (ROCE):

$$\text{ROCE} = \frac{\text{operating profit}}{\text{capital employed}} \times 100$$

Current ratio:

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

Acid test ratio:

$$\text{Acid test ratio} = \frac{\text{current assets} - \text{inventory}}{\text{current liabilities}}$$

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 ☒.

Ernie Rhodes started a family business named Spudman in 1955 selling hot baked potatoes from a van in the town centre of Preston, UK. In 2020, brothers Jacob and Harley Nelson took over the family business and renamed it Spud Bros.

The brothers transformed the business into a globally recognised brand by posting fun videos on social media platforms such as TikTok and Instagram. Today, Spud Bros has millions of social media followers and customers travel from all over the world to taste its famous potatoes. The brothers continually create new and exciting toppings for the potatoes.

The brothers have plans to grow the business. They want to expand throughout the UK and to the US, Canada and other countries. They also plan to continue with their social objectives, which include charity work in the local community.

1 (a) (i) Which **one** of the following is an advantage of being a sole trader?

Select **one** answer.

(1)

☐ **A** Limited liability

☐ **B** Independence

☐ **C** Sharing ideas with partners

☐ **D** Able to sell shares to investors

(ii) Which **one** of the following is a benefit of being a multinational company?

Select **one** answer.

(1)

☐ **A** Diseconomies of scale

☐ **B** Decrease in brand awareness

☐ **C** Increased competition

☐ **D** Increased access to customers

(iii) Which **one** of the following best describes a centralised organisation structure?

Select **one** answer.

(1)

☒ **A** Decisions are made by all employees in the organisation

☒ **B** Decisions are made by the CEO and senior managers

☒ **C** Each division of the business is responsible for its own decisions

☒ **D** Decisions are made by junior managers

(iv) Which **one** of the following may occur if a business fails to adapt to changes in the market?

Select **one** answer.

(1)

☒ **A** Increased market share

☒ **B** Improved brand image

☒ **C** Reduced number of sales

☒ **D** Increased customer satisfaction

Figure 1 shows the revenue and costs of a business.

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Total sales revenue	130 000
Total fixed costs	60 000
Total variable costs	20 000

Figure 1

(v) Using Figure 1, which **one** of the following is the profit made by the business?

Select **one** answer.

(1)

☒ **A** $50 000

☒ **B** $70 000

☒ **C** $80 000

☒ **D** $110 000

Spud Bros sold 170 meals in one day. Of these, 20% included a topping.

(vi) Which of the following represents the number of meals sold with a topping added?

Select **one** answer.

(1)

☒ **A** 14

☒ **B** 34

☒ **C** 136

☒ **D** 150

(b) Define the term **secondary sector**.

(1)

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(c) Define the term **e-commerce**.

(1)

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(d) State **one** reason why brand image is important to Spud Bros.

(1)

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A business had retained profits of $320 000.

It used 20% of the retained profit for expansion of the business.

(e) Calculate the retained profit left in the business following the expansion. You are advised to show your working.

(2)

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(f) Explain **one** advantage for a business of having a flat organisational structure.

(3)

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In 2027, Spud Bros will sponsor Preston North End football club. The club is a professional team that competes in the English Football League.

(g) Analyse the disadvantages for Spud Bros of using sponsorship.

(6)

(Total for Question 1 = 20 marks)

2 (a) State **one** current asset Spud Bros may have.

(1)

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(b) State **one** reason why Spud Bros motivates its employees.

(1)

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(c) Explain **one** reason why a business calculates the break-even level of output.

(3)

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(d) Explain **one** reason why a business would segment the market by income.

(3)

(e) Explain **one** benefit to a business from productivity improvements.

(3)

The brothers, Jacob and Harley, want to expand Spud Bros throughout the UK and to other countries.

They are considering two types of finance for the expansion:

Option 1: venture capital

Option 2: crowdfunding.

(f) Justify which **one** of these two options the brothers should choose.

(9)

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(Total for Question 2 = 20 marks)

3 (a) Define the term **niche marketing**.

(1)

(b) Outline **one** reason why cash is important to Spud Bros.

(2)

Figure 2 shows the minimum wage for workers aged 21 and over in the UK in 2024 and 2025.

Year	Minimum wage (£)
2024	11.44
2025	12.21

Figure 2

(c) Using Figure 2, calculate, to **two** decimal places, the percentage increase in the minimum wage between 2024 and 2025. You are advised to show your working.

(2)

.... %

(d) Analyse the advantages for Spud Bros of using viral advertising.

(6)

Spud Bros offers a range of toppings for its baked potatoes.

The owners plan to carry out market research to gather customer feedback on new toppings. They are considering two options:

Option 1: use questionnaires to collect customer views

Option 2: offer free samples of new toppings and ask customers for their opinions.

(e) Justify which **one** of these two options the owners should choose to collect feedback from customers.

(9)

(Total for Question 3 = 20 marks)

Figure 3 shows the costs and output of a business in 2025.

Total fixed costs	$60 000
Variable costs per unit	$10
Quantity of units produced	5 000

Figure 3

4 (a) Using Figure 3, calculate the total costs for the business in 2025. You are advised to show your working.

(2)

$ ....

Jacob and Harley want to expand the number of Spud Bros outlets throughout the UK and internationally.

(b) Analyse the benefits of growth for the owners of Spud Bros.

(6)

Spud Bros takes part in a range of charity events to support the local community and help sick children across the UK. Every Friday, it provides free meals for homeless people in the local area.

(c) Evaluate the extent to which social objectives may contribute to the success of Spud Bros. You should use the information provided as well as your own knowledge of business.

(12)

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS