Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

Monday 13 May 2024

Afternoon (Time: 1 hour 30 minutes) | **Paper reference** | **4BS1/01**

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 ▶

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Pearson

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:

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

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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 ☒.

1 *Posh Pets Spain* (*PPS*) is a pet hotel in the village of Alhaurin el Grande, Spain. It is run by Rachel Goutorbe, an animal enthusiast, and her team of four pet specialists. *PPS* offers overnight accommodation with room for seven dogs or cats, a pet grooming service and a shop selling pet products, such as dog coats and dog leads. Pet grooming involves washing, cutting and combing a pet's coat.

(a) (i) Which **one** of the following is protected by legislation?

Select **one** answer.

(1)

☒ **A** Skills

☒ **B** Age

☒ **C** Experience

☒ **D** Ability

(ii) Which **one** of the following represents a star product on the Boston matrix?

Select **one** answer.

(1)

☒ **A** High market growth, high market share

☒ **B** High market growth, low market share

☒ **C** Low market growth, high market share

☒ **D** Low market growth, low market share

(iii) Which **one** of the following is the method of production where one unit of output is completed at a time?

Select **one** answer.

(1)

☒ **A** Lean

☒ **B** Flow

☒ **C** Batch

☒ **D** Job

(iv) Which **one** of the following is a current asset?

Select **one** answer.

(1)

- ☒ **A** Vehicle
- ☒ **B** Cash
- ☒ **C** Building
- ☒ **D** Factory

PPS imports handmade leather dog collars from the UK. Each dog collar costs £26.50.

The exchange rate is €1 (euro) = £0.84 (pound).

(v) Which **one** of the following is the total cost in euros when buying 20 dog collars from the UK?

Select **one** answer.

(1)

- ☒ **A** €22.56
- ☒ **B** €445.20
- ☒ **C** €630.95
- ☒ **D** €513.20

Figure 1 gives details of the *PPS* pet grooming service.

Average number of customers each month	30
Average price per service	€54
Variable costs per service	€17.25
Fixed costs per month	€175

Figure 1

(vi) Which **one** of the following is the total monthly cost for *PPS*?

Select **one** answer.

(1)

☒ **A** €692.50

☒ **B** €931.50

☒ **C** €2137.50

☒ **D** €2312.50

Many manufacturers make use of robots in their production processes.

(b) Define the term **robotics**.

(1)

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(c) Define the term **capital intensive production**.

(1)

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PPS has seen lower sales of its pet accessories.

(d) State **one** extension strategy *PPS* could use to extend the life cycle of the pet accessories.

(1)

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PPS is planning to take on additional employees. The hourly minimum wage in Spain is €7.45. The government is increasing this hourly minimum by 3.5%.

(e) Calculate the new hourly minimum wage after the increase of 3.5%. You are advised to show your working.

(2)

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(f) Explain **one** reason why many businesses have a human resource function.

(3)

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Figure 2 is an extract of financial information from *PPS*.

Gross profit margin in 2022	25.6%
Gross profit margin in 2023	29.4%

Figure 2

(g) Analyse the usefulness of the gross profit margin to *PPS*.

(6)

(Total for Question 1 = 20 marks)

2 (a) State **one** advantage for *PPS* of keeping its customers loyal.

(1)

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

(1)

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(c) Explain **one** impact on a business of ineffective communication.

(3)

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(d) Explain **one** advantage to a business of having a decentralised organisation.

(3)

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(e) Explain **one** benefit to a business of using seasonal employees.

(3)

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PPS is looking to improve its revenue and is considering two options:

Option 1: trial a new brand of dog food in the shop

Option 2: sponsor a local dog show.

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

(9)

(Total for Question 2 = 20 marks)

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3 (a) Define the term **diseconomies of scale**.

(1)

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(b) Outline **one** method of primary market research that *PPS* could use to gain feedback on its services.

(2)

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Figure 3 is an extract of financial information from a *PPS* monthly cash flow forecast.

	€
Opening balance	16 000
Cash inflow	22 000
Cash outflow	20 000

Figure 3

(c) Calculate the closing balance. You are advised to show your working.

(2)

€ ....

PPS wants information on its customers' spending patterns.

(d) Analyse the importance of reliable market research to obtain this information.

(6)

Turn over

PPS is looking to build another eight kennels with Closed-circuit television (CCTV) in its pet hotel. To do this it will need €7 500.

PPS is considering two options:

Option 1: using Rachel's personal savings

Option 2: taking out a small bank loan.

(e) Justify which **one** of these two options *PPS* should choose.

(9)

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(Total for Question 3 = 20 marks)

4 *PPS* is planning to introduce a new line of dog treats. **Figure 4** shows some financial information for this product.

	€
Monthly fixed costs	1 000
Variable cost per unit	3.25
Selling price	4.50

Figure 4

(a) Calculate the break-even level of output for this new line of dog treats. You are advised to show your working.

(2)

.... dog treats

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(b) Analyse the importance of cash to *PPS*.

(6)

Another pet business is about to open a rival pet hotel in the village. This is the first time *PPS* has faced competition.

(c) Evaluate the importance of marketing to *PPS* so it can keep its market share. 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

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