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Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel International GCSE

Centre Number | | | | | |

Candidate Number | | | | |

Thursday 21 May 2020

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

Business

Paper 1: Investigating Small Businesses

Calculators may be used.

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.*

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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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

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

Mark up:

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

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:

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

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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 *Loaf*, a bakery and cookery school, was set up by Tom Baker in Birmingham, UK. The aim is to promote real food and healthy living. It wants to use its skilled chefs to bring real food to the kitchens of the local community. It uses its cookery courses and bakery to help restore the local high street. *Loaf* also hosts pop-up events (one-off events) in different parts of the city where it shows off its products. Any profit made through these events is directed towards furthering *Loaf*'s charitable work.

Loaf operates a scheme called 'Waste Not'. At the end of the day *Loaf* donates any leftover food to charities who distribute it to local people. In addition, *Loaf* provides a recycling hub for the local community.

Loaf is a social enterprise with nine members of staff; six of whom are directors.

(a) (i) Which **one** of the following is a non-financial business objective?

(1)

Select **one** answer.

☒ **A** Profit

☒ **B** Sales

☒ **C** Market share

☒ **D** Personal satisfaction

(ii) Which **one** of the following is a part of the Boston Matrix?

(1)

Select **one** answer.

☒ **A** Rising star

☒ **B** Risk assessment

☒ **C** Product packaging

☒ **D** Extension strategy

(iii) Which **one** of the following is an additional payment to a basic wage?

(1)

Select **one** answer.

☒ **A** Promotion

☒ **B** Bonus

☒ **C** Job enrichment

☒ **D** Piece rate

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Figure 1 shows the product life cycle diagram.

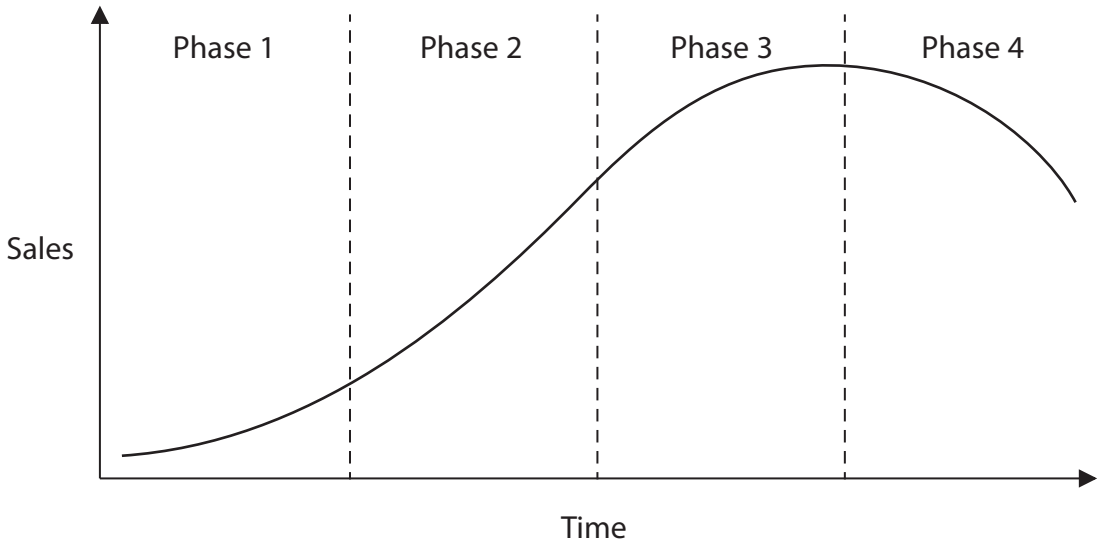


Figure 1

(iv) Which **one** is the correct label for Phase 2?

(1)

Select **one** answer.

- ☒ **A** Growth
- ☒ **B** Decline
- ☒ **C** Introduction
- ☒ **D** Maturity

Loaf charges £165 for its day-long 'Seafood Masterclass' course. The cost to *Loaf* of running this course is £66.

(v) What mark up has *Loaf* applied to this course?

(1)

Select **one** answer.

- ☒ **A** 99%
- ☒ **B** 150%
- ☒ **C** 231%
- ☒ **D** 250%

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Loaf is offering some Japanese students the opportunity to take part in a two-hour 'Bao and Dumplings' course. The course will cost £65.

The exchange rate is £1 (Pound) = 148.86 JPY (Japanese Yen).

(vi) Which **one** of the following amounts would a student pay for this course in Yen?

(1)

Select **one** answer.

- ☒ **A** 65.00 JPY
- ☒ **B** 148.86 JPY
- ☒ **C** 9620.00 JPY
- ☒ **D** 9675.90 JPY

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

(1)

(c) Define the term **quantitative data**.

(1)

(d) State **one** reason why Tom Baker set up his business as a social enterprise.

(1)

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Tom Baker is looking to increase his profits so *Loaf* can support more local projects.
The revenue from his pop-up events in 2016 was £23 546. In 2017 this increased by 3%.

(e) Calculate the revenue for 2017. You are advised to show your working.

(2)

£.....

(f) Explain **one** method a small business might use to increase its profit.

(3)

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(g) Analyse the importance of environmental factors for *Loaf*.

(6)

(Total for Question 1 = 20 marks)

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2 (a) State **one** primary research method that *Loaf* could use.

(1)

(b) State **one** drawback for *Loaf* of poor customer service.

(1)

(c) Explain **one** benefit to a business of using e-newsletters.

(3)

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(d) Explain **one** responsibility of the human resources function in a business.

(3)

(e) Explain **one** way in which the just in time (JIT) method of stock control might benefit a business.

(3)

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Loaf would like to carry out some promotional activities to increase customer numbers for its bakery and cookery courses.

It is considering the following two options:

Option 1: offering free bite-sized pieces of its bread and cakes to people passing its shop

Option 2: using posters to advertise *Loaf* in local charity shops.

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

(9)

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(Total for Question 2 = 20 marks)

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3 (a) Define the term **job share**.

(1)

(b) Outline **one** reason why high levels of customer satisfaction might be important to *Loaf*.

(2)

Figure 2 is an extract from *Loaf*'s statement of comprehensive income in 2018.

	£000s
Revenue	90
Gross profit	22
Other operating expenses	4

Figure 2

(c) Calculate the operating profit margin for *Loaf* in 2018. You are advised to show your working.

(2)

..... %

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(d) Analyse how useful the information in **Figure 2** is to *Loaf*.

(6)

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Loaf is looking to increase its net cash flow.

It is considering the following two options:

Option 1: hosting pop-up events across the country

Option 2: introducing different cookery courses.

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

(9)

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(Total for Question 3 = 20 marks)

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Loaf is considering opening a second bakery to meet the increased demand for its products and the success of its cookery school.

Loaf is thinking of running a course on making pasta. The course will be priced at £60 per person. Variable costs will be £10. Fixed cost will be £500.

4 (a) Calculate the number of people needed to break-even for this course. You are advised to show your workings.

(2)

..... people

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(b) Analyse the benefits for *Loaf* of employing casual staff.

(6)

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(c) Evaluate the factors that *Loaf* would have to consider when deciding where to locate its second bakery. You should use the information provided as well as your own knowledge of business.

(12)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

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