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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

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.
- Good luck with your examination.

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

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

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 *Artify Studio* was set up in 2015 by Tay Hui Jae in the busy Kampong Glam area of Singapore. *Artify Studio*'s aim is to have 'a communal art space where people can come together and paint, where people would be given as much creative freedom as they would have if they were in their own spaces.'

Artify Studio provides many services including its popular Liberty Art Jam where customers can paint as well as listen to music. The studio offers a Corporate Art Jam and Regular Kids Classes. Customers can purchase art materials after attending the studio.

Artify Studio is a profit-making organisation with a social element. It employs seven part-time people, all of whom are art enthusiasts.

(a) (i) Which **one** of the following functional areas is responsible for the recruitment of new employees?

(1)

Select **one** answer.

☒ **A** Finance

☒ **B** Marketing

☒ **C** Production

☒ **D** Human Resources

(ii) Which **one** of the following is an internal source of finance?

(1)

Select **one** answer.

☒ **A** Overdraft

☒ **B** Selling assets

☒ **C** Venture capital

☒ **D** Crowdfunding

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(iii) Which **one** of the following is a main feature of the statement of comprehensive income?

(1)

Select **one** answer.

- ☒ **A** Current assets
- ☒ **B** Non-current liabilities
- ☒ **C** Cost of sales
- ☒ **D** Capital employed

(iv) Which **one** of the following is a political factor that can affect a business?

(1)

Select **one** answer

- ☒ **A** Taxation
- ☒ **B** Global warming
- ☒ **C** Habitat destruction
- ☒ **D** Part-time workers

Running the Liberty Art Jam costs *Artify Studio* S$10 Singapore Dollars (SGD). People attending the course are charged S$35.

(v) What markup has *Artify Studio* applied to this service?

(1)

Select **one** answer

- ☒ **A** 35%
- ☒ **B** 45%
- ☒ **C** 250%
- ☒ **D** 350%

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Artify Studio imports sets of acrylic paint from Malaysia at a cost of 8.50 Malaysian Ringgit (MYR) per set.

The exchange rate is 1 MYR = 0.33 S$ (SGD).

(vi) Which **one** of the following would *Artify Studio* pay in SGD if they imported 15 sets of paints?

(1)

Select **one** answer

- ☒ **A** 2.81
- ☒ **B** 4.95
- ☒ **C** 15.00
- ☒ **D** 42.08

(b) Define the term **diseconomies of scale**.

(1)

(c) Define the term **job production**.

(1)

(d) State **one** financial method of motivation *Artify Studio* could use to motivate its employees.

(1)

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Artify Studio offers a 12% discount to parents if they book the 'Duo Parent and Child Art Camp' and the 'Children's Illustration Workshop' at the same time. The combined price for both courses before being discounted is S$285.

(e) Calculate the discounted cost of booking both courses at the same time.

You are advised to show your working.

(2)

S$ .....

(f) Explain **one** measure a business can use to judge its success.

(3)

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(g) Analyse the effect of a decrease in interest rates on *Artify Studio*.

(6)

(Total for Question 1 = 20 marks)

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2 (a) State **one** reason why *Artify Studio* would want to offer a high-quality service.

(1)

(b) State **one** advantage for *Artify* Studio of using part-time employees.

(1)

(c) Explain **one** benefit to a business of being a partnership.

(3)

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(d) Explain **one** way social media can be used by a business.

(3)

(e) Explain **one** benefit for a business from the introduction of total quality management (TQM).

(3)

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Artify Studio has decided to use public relations to improve its image.

It is considering two options:

Option 1: sponsoring a local art show in the Kampong Glam area

Option 2: having a stand at a national art exhibition in Singapore's capital.

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

(9)

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(Total for Question 2 = 20 marks)

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3 (a) Define the term **price skimming**.

(1)

(b) Outline **one** reason why cash might be important to *Artify Studio*.

(2)

Figure 1 is an extract from the *Artify Studio* statement of profit and loss.

	S$
Revenue	90 500
Cost of goods sold	53 500
Direct labour	8 500
Total cost of sales	62 000
Gross profit	28 500

Figure 1

(c) Calculate, to two decimal places, the gross profit margin for *Artify Studio*. You are advised to show your working.

(2)

..... %

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(d) Analyse how *Artify Studio* could use the information in **Figure 1** to assess the performance of the business.

(6)

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Artify Studio is looking to increase the amount of paint materials it sells. It wants to sell painting sets for children and will need additional finance for the start-up costs of buying these painting sets.

It is considering the following two options:

Option 1: crowdfunding

Option 2: retained profit.

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

(9)

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(Total for Question 3 = 20 marks)

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4 *Artify Studio* is planning to open a second art studio in the small mining town of Sungai Lembing in Malaysia. It will recruit highly skilled employees to provide a high standard of service.

In order to advertise the opening of the second art studio, *Artify Studio* need to look at promotional cost.

It costs 459.50 MYR for 1,000 colour leaflets to be printed. The cost of delivery is 17.87 MYR per hour.

(a) Calculate the cost to *Artify Studio* of delivering 1,000 printed leaflets which will take 3 hours. You are advised to show your workings.

(2)

..... MYR

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(b) Analyse the benefits for *Artify Studio* of on-the-job training for new employees.

(6)

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(c) Evaluate the factors that *Artify Studio* would have considered when deciding where to locate its second art studio. 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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