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# Pearson Edexcel International GCSE

## Wednesday 17 May 2023

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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## 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 t an answer, put a line through the box ☒ and then mark your new answer with a cross ◺**

**1** *Irsi Chocolatier* is a chocolate shop in Brussels, the capital city of Belgium. There are many other chocolate shops nearby. Opened in 1989 by the Corne family the business now has four directors and three employees. Florent Corne is the Managing Director with three other family members as Directors. *Irsi Chocolatier* opens from Tuesday till Saturday. The shop sells a variety of handmade chocolates and jelly fruit sweets. It delivers locally and has a website for information purposes only.

(a) (i) Which **one** of the following functions is responsible for public relations?

Select **one** answer.

**(1)**

☒ **A** Human resources

☒ **B** Finance

☒ **C** Marketing

☒ **D** Production

(ii) Which **one** of the following is the difference between cash inflow and cash outflow?

Select **one** answer.

**(1)**

☒ **A** Opening balance

☒ **B** Net cash flow

☒ **C** Closing balance

☒ **D** Cash flow forecast

(iii) Which **one** of the following is the sector that converts raw materials into products?

Select **one** answer.

**(1)**

☒ **A** Public

☒ **B** Tertiary

☒ **C** Primary

☒ **D** Secondary

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(iv) Which **one** of the following is an example of a good?

Select **one** answer.

**(1)**

- ☒ **A** Motor vehicle
- ☒ **B** Financial advice
- ☒ **C** Car washing
- ☒ **D** Gardening

In 2021 *Irsi Chocolatier*'s revenue was €311 625. Each year it has seen its revenue increase.

**(**v) Which **one** of the following would be a 3% increase in revenue for *Irsi Chocolatier*?

Select **one** answer.

**(1)**

- ☒ **A** €317 857.50
- ☒ **B** €319 415.63
- ☒ **C** €320 973.75
- ☒ **D** €322 531.88

*Irsi Chocolatier*'s monthly fixed costs are €950 and variable costs per luxury box of chocolates are €2.60.

(vi) Which **one** of the following is the break-even point when a box of luxury chocolates is priced at €15.10?

Select **one** answer.

**(1)**

- ☒ **A** 75
- ☒ **B** 76
- ☒ **C** 77
- ☒ **D** 78

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(b) Define the term **limited liability**.

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.....

(c) Define the term **social enterprise**.

**(1)**

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.....

(d) State **one** way *Irsi Chocolatier* could use the Boston matrix.

**(1)**

.....

.....

.....

A customer buying five boxes of chocolates for a total of €75.50 is given a 6% discount.

(e) Calculate, to two decimal places, the cost of these chocolates after the discount has been applied. You are advised to show your working.

**(2)**

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(f) Explain **one** benefit for a business that uses test marketing.

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(g) Analyse the importance of branding for *Irsi Chocolatier*.

**(Total for Question 1 = 20 marks)**

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**2** (a) State **one** method *Irsi Chocolatier* could use to improve its competitive positio

(b) State **one** way *Irsi Chocolatier* might extend the life cycle of one of its products.

**(1)**

(c) Explain **one** way a business could use e-newsletters.

**(3)**

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(d) Explain **one** way a business could use market research information.

(e) Explain **one** benefit to a business that has a decentralised organisational structure.

**(3)**

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*Irsi Chocolatier* is planning to produce chocolate lollipops in different shapes and flavours.

Currently, handmade chocolates are made using batch production and cakes for special occasions use job production.

To make the new chocolate lollipops *Irsi Chocolatier* is considering using:

**Option 1:** batch production

**Option 2:** job production.

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

**(9)**

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**(Total for Question 2 = 20 marks)**

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**3** (a) Define the term **fringe benefits**.

(b) Outline **one** way *Irsi Chocolatier* could keep customer loyalty.

**(2)**

*Irsi Chocolatier* has current assets of €26 000 and current liabilities of €14 852.

(c) Calculate, to two decimal places, the current ratio. You are advised to show your working.

**(2)**

:1

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*Irsi Chocolatier* will need to consider many factors if it wants to introduce its new product of chocolate lollipops.

(d) Analyse the limitations for *Irsi Chocolatier* of using break-even charts to decide whether it should sell the new product.

**(6)**

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*Irsi Chocolatier* is planning to expand its delivery service and opening hours. It is anticipating this will lead to an increased demand for its products. *Irsi Chocolatier* is looking to recruit and train one new employee and is considering two options:

**Option 1:** train the new employee on-the-job

**Option 2:** train the new employee off-the-job.

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

**(9)**

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**(Total for Question 3 = 20 marks)**

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**4** **Figure 1** is an extract from *Irsi Chocolatier*'s Statement of Comprehensive Income.

| | |
|---|---|
| Revenue | €330 606 |
| Gross profit | €80 282 |
| Other operating expenses | €12 692 |

**Figure 1**

(a) Calculate, to two decimal places, the operating profit margin. You are advised to show your working.

**(2)**

.....%

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(b) Analyse the importance of place to *Irsi Chocolatier*.

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*Irsi Chocolatier* is a business with three loyal employees. As it expands it wants to ensure its current and new employees remain happy and motivated within the workplace.

(c) Evaluate the impact of *Irsi Chocolatier* using financial methods of motivation on its employees. 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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