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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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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

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(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

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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

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Many manufacturers make use of robots in their production processes.

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

(1)

.....

.....

.....

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

(1)

.....

.....

.....

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)

.....

.....

.....

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)

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

(1)

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

(1)

(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)

(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)

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(Total for Question 2 = 20 marks)

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

(1)

(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)

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PPS wants information on its customers' spending patterns.

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

(6)

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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)

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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)

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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)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

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