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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 **4BS1/01R**

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 *Café Pinch* is a small café based in Berlin, the capital city of Germany. It serves a range of hot and cold meals. The owner, Kumaran, trained in good Berlin restaurants and cafés before starting his own café business. It opened in December 2018. It has 10 seats in front of the café and 10 inside. It is located close to an underground station. Despite being surrounded by many other cafés, *Café Pinch* received 5 out of 5 in online reviews. The reviewers commented on the high-quality cooked food, filled Ciabattas, range of drinks and excellent customer service. The café is open 8am–5pm every day. It has a website which is used for information purposes only.

(a) (i) Which **one** of the following is an example of an internal source of finance?

Select **one** answer.

(1)

☒ A Overdraft

☒ **B** Crowdfunding

☒ **C** Retained profit

☒ **D** Share capital

(ii) Which **one** of the following is a result of average costs rising in a growing large business?

Select **one** answer.

(1)

☒ A Economies of scale

☒ **B** Diseconomies of scale

☒ **C** Purchasing economies

☒ **D** Financial economies

(iii) Which **one** of the following is the money left after all costs have been subtracted from revenue?

Select **one** answer.

(1)

☒ A Gross profit

☒ **B** Inflows

☒ **C** Loss

☒ **D** Profit

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(iv) Which **one** of the following is a debt payable after 12 months?

Select **one** answer.

(1)

- ☒ A Non-current liability
- ☒ **B** Current liability
- ☒ **C** Non-current asset
- ☒ **D** Current asset

Café Pinch sells many filled Ciabattas. The most popular is mozzarella cheese and avocado, selling for €5.30. The cost of making this Ciabatta is €2.56.

(v) Which **one** of the following is the markup for the mozzarella cheese and avocado Ciabatta?

Select **one** answer.

(1)

- ☒ A 48%
- ☒ **B** 93%
- ☒ **C** 107%
- ☒ **D** 207%

Café Pinch wants to add French Fries to its menu. It will use British potatoes costing £0.82 per kilo.

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

(vi) Which **one** of the following would *Café Pinch* pay in euros if it bought 50 kilos of potatoes?

Select **one** answer.

(1)

- ☒ A €59.52
- ☒ **B** €48.81
- ☒ **C** €42.00
- ☒ **D** €41.00

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(b) Define the term **variable cost**.

(1)

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(c) Define the term **niche marketing**.

(1)

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(d) State **one** way *Café Pinch* can react to external social factors affecting its business.

(1)

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Customers who buy a ham Ciabatta for €7.50, a sweet waffle for €2.90 and a coffee at €3.60 would pay a total of €14.00. A lunchtime special deal offers them a 5% discount.

(e) Calculate what a customer would pay for these three items after the discount is applied. You are advised to show your working.

(2)

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(f) Explain **one** advantage to a start-up business of using a venture capitalist.

(3)

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(g) Analyse the importance to Kumaran, the owner of *Café Pinch*, of having motivated employees.

(6)

(Total for Question 1 = 20 marks)

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2 (a) State **one** reason why *Café Pinch* might set business objectives.

(1)

(b) State **one** way *Café Pinch* could use the Boston matrix to review its product portfolio.

(1)

(c) Explain **one** responsibility of the human resources function.

(3)

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(d) Explain **one** advantage of being in a partnership.

(3)

(e) Explain **one** disadvantage to a business of having a hierarchical organisational structure.

(3)

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Berlin has recently seen an increase in cafés, small restaurants and breakfast bars. To remain competitive and keep its customers, *Café Pinch* is reviewing its marketing mix. It is considering two options:

Option 1: introduce a vegan range of products

Option 2: a special offer of 7.5% discount to customers on Wednesday mornings 9am–12pm.

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

(9)

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(Total for Question 2 = 20 marks)

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3 (a) Define the term **secondary sector**.

(1)

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(b) Outline **one** way *Café Pinch* could use social media to promote its business.

(2)

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Figure 1 is an extract of the statement of comprehensive income for *Café Pinch*.

Revenue	€103 825
Gross profit	€66 842
Other operating expenses	€5 782

Figure 1

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

(2)

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(d) Analyse **two** factors *Café Pinch* might consider when measuring its success.

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Kumaran understands the importance of communication and the benefits it brings. He is looking to improve communication with his employees. *Café Pinch* is considering two options:

Option 1: updating the noticeboard in the staffroom daily with information such as sales targets and staff rotas

Option 2: weekly staff meetings.

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

(9)

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(Total for Question 3 = 20 marks)

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4 **Figure 2** is an extract of financial information from *Café Pinch*.

Operating profit	€84 054
Current assets	€75 000
Current liabilities	€63 000
Capital employed	€266 058

Figure 2

(a) Calculate, to two decimal places, the return on capital employed (ROCE). You are advised to show your working.

(2)

..... %

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(b) Analyse how *Café Pinch* could use market segmentation to target its customers.

(6)

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Café Pinch needs to ensure it understands the needs of its customers to continue being successful.

(c) Evaluate the importance of using methods of market research for *Café Pinch* to meet customer needs. 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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