

Paper Reference 4BS1/01
Pearson Edexcel
International GCSE

Total Marks

Business
PAPER 1: Investigating small businesses

Time: 1 hour 30 minutes plus your additional time allowance.

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

YOU WILL BE GIVEN

Data Book

INSTRUCTIONS

Answer ALL questions.

Answer the questions in the spaces provided in this Question Paper – there may be more space than you need.

Calculators may be used.

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.

Good luck with your examination.

The formulae for this paper are in the Data Book.

Answer ALL questions.

Write your answers in the spaces provided.

Some questions are multiple choice. Write the letter(s) of your chosen answer(s) in the box(es) provided.

1. Look at the information for Question 1 in the Data Book.

- (a) (i) Which ONE of the following is an external source of finance?

Select ONE answer.

A Personal savings

B Retained profit

C Bank loan

D Selling assets

Answer

(1 mark)

(continued on the next page)

1. (a) continued.

(ii) Which ONE of the following is the name of a pricing strategy where a business sets a high price for a new product in the market?

Select ONE answer.

A Penetration

B Skimming

C Competition

D Promotional

Answer

(1 mark)

(continued on the next page)

1. (a) continued.

(iii) Which ONE of the following types of discrimination is protected by legislation?

Select ONE answer.

A Age

B Ability

C Social

D Ethical

Answer

(1 mark)

(continued on the next page)

1. (a) continued.

(iv) Which ONE of the following is a document employers would send to potential employees?

Select ONE answer.

- A Curriculum vitae
- B Letter of application
- C Newspaper advertisement
- D Person specification

Answer

(1 mark)

(continued on the next page)

1. (a) continued.

NOF imports dried fruit from France.

A kilogram (kg) costs €12·84.

The exchange rate is

£1 (Pound sterling) = €1·16 (Euro).

(v) Which **ONE** of the following would **NOF** pay for **1kg** of dried fruit in pounds sterling?

Select **ONE** answer from the options on the next page and write the letter in the box provided.

1. (a) (v) continued.

A £1·16

B £11·07

C £12·84

D £14·00

Answer

(1 mark)

(continued on the next page)

1. (a) continued.

NOF buys honey from a local farm for **£1·60** a jar and sells it to customers for **£3·60**.

(vi) What is the markup on a jar of honey?

Select ONE answer

A 1·6%

B 2%

C 125%

D 250%

Answer

(1 mark)

(continued on the next page)

1. continued.

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

(1 mark)

(c) Define the term **non-current liabilities**.

(1 mark)

(continued on the next page)

1. continued.

(d) State ONE reason why **NOF** segments its target market by income.

(1 mark)

(continued on the next page)

1. continued.

Look at the table for Question 1(e) in the Data Book.

It is an extract from **NOF's** statement of comprehensive income.

(e) Calculate the operating profit margin. You are advised to show your working.

(2 marks)

_____ %

(continued on the next page)

Turn over

1. continued.

(f) Explain ONE strategy a small business might use to extend the product life cycle of one of its products.

(3 marks)

[illegible]

(continued on the next page)

Turn over

1. continued.

(g) Analyse the importance of marketing to NOF.
(6 marks)

Answer lines continue on the next page.

[illegible]

1. (g) continued.

[illegible]

(Total for Question 1 = 20 marks)

Turn over

The demand for **NOF** products can be affected by external factors.

2. (a) State ONE external factor that could cause a change in demand for **NOF** products.

(1 mark)

- (b) State ONE reason **NOF** might use other retailers to sell its products.

(1 mark)

2. continued.

(c) Explain ONE benefit to a business of using secondary market research.

(3 marks)

(continued on the next page)

Turn over

2. continued.

(d) Explain ONE limitation of a cash flow forecast when making business decisions.

(3 marks)

(continued on the next page)

Turn over

2. continued.

(e) Explain ONE benefit to a business of using crowdfunding as a source of finance.

(3 marks)

(continued on the next page)

Turn over

2. continued.

NOF has recently harvested its corn crop. It intends to turn the corn into popcorn called ‘**NOF pop**’ to sell in the farm shop and through local retailers.

NOF is considering two options to introduce the product into the market:

Option 1: offering a low introductory price for three months

Option 2: selling at the same price as competitors.

(f) Justify which **ONE** of these two options **NOF** should choose.

(9 marks)

Answer lines are on the next three pages.

2. (f) continued.

Turn over

2. (f) continued.

2. (f) continued.

(Total for Question 2 = 20 marks)

3. (a) Define the term remuneration.
(1 mark)

(continued on the next page)

3. continued.

(b) Outline ONE reason why **NOF** would choose to use seasonal staff when harvesting its products.

(2 marks)

(continued on the next page)

3. continued.

NOF is looking to expand its product range by making and selling tubs of ice cream.

A tub of ice cream will sell for **£2.50**.

Variable costs will be **£1.10** per tub of ice cream with fixed costs of **£77** per day.

(c) Calculate the number of tubs of ice cream **NOF** will have to sell each day to break-even. You are advised to show your working.

(2 marks)

Answer space continues on the next page.

3. (c) continued.

_____ **Tubs of ice cream**

- (d) Analyse how useful break–even calculations can be for **NOF** when deciding whether to include ice cream in its product range.**

(6 marks)

Answer lines continue on the next page.

3. (d) continued.

[illegible]

(continued on the next page)

Turn over

3. continued.

NOF is looking to increase the number of visitors to the farm. It will need to carry out some research as to what potential visitors will want.

To do this **NOF** is considering two options:

Option 1: handing out questionnaires at local retailers

Option 2: using the internet to research other farms.

(e) Justify which **ONE** of these two options **NOF** should choose.

(9 marks)

Answer lines are on the next three pages.

3. (e) continued.

Turn over

3. (e) continued.

Turn over

3. (e) continued.

(Total for Question 3 = 20 marks)

4. Look at the table for Question 4(a) in the Data Book. It is an extract from **NOF's** financial information for **2020**.

(a) Calculate, to **2** decimal places, the current ratio for **2020**. You are advised to show your working.

(2 marks)

(continued on the next page)

Turn over

4. continued.

(b) Analyse the benefits to NOF of using personal savings to expand its product range.

(6 marks)

Answer lines continue on the next page.

[illegible]

4. (b) continued.

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4. continued.

(c) Evaluate the factors that NOF might consider when measuring the success of its farm shop.

You should use the information provided as well as your own knowledge of business.

(12 marks)

Answer lines continue on the next three pages.

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4. (c) continued.

4. (c) continued.

4. (c) continued.

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

END OF PAPER
