

Paper Reference 4BS1/01  
Pearson Edexcel International GCSE

Business  
PAPER 1: Investigating small businesses

Monday 13 May 2024 – Afternoon  
Time: 1 hour 30 minutes

Total Marks
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FILL IN THE BOXES below with your name, centre number and candidate number.

Candidate surname					
Other names					
Centre Number					
Candidate Number					

**YOU MUST HAVE:**  
**Data Booklet**

**YOU WILL BE GIVEN:**  
**Nil**

### **INSTRUCTIONS**

- **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.**

**The formulae for this paper are in the Data Booklet.**

**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?  
(1 mark)**

**Select ONE answer.**

- ☐ **A Skills**
- ☐ **B Age**
- ☐ **C Experience**
- ☐ **D Ability**

**(continued on the next page)**

**1(a) continued**

- (ii) Which ONE of the following represents a star product on the Boston matrix?  
(1 mark)**

**Select ONE answer.**

- ☐ **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**

**(continued on the next page)**

**1(a) continued**

- (iii) Which ONE of the following is the method of production where one unit of output is completed at a time?  
(1 mark)

**Select ONE answer.**

- ☐ A    Lean
- ☐ B    Flow
- ☐ C    Batch
- ☐ D    Job

**(continued on the next page)**

**1(a) continued**

**(iv) Which ONE of the following is a current asset?  
(1 mark)**

**Select ONE answer.**

☐

**A Vehicle**

☐

**B Cash**

☐

**C Building**

☐

**D Factory**

**(continued on the next page)**

**1(a) continued**

**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?  
(1 mark)**

**Select ONE answer.**

- ☐ **A     €22.56**
- ☐ **B     €445.20**
- ☐ **C     €630.95**
- ☐ **D     €513.20**

**(continued on the next page)**

1(a) continued

FIGURE 1 gives details of the PPS pet grooming service.

FIGURE 1

Average number of customers each month	30
Average price per service	€54
Variable costs per service	€17.25
Fixed costs per month	€175

- (vi) Which ONE of the following is the total monthly cost for PPS?  
(1 mark)

Select ONE answer.

- ☐ A    €692.50
- ☐ B    €931.50
- ☐ C    €2137.50
- ☐ D    €2312.50

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1 continued

**Many manufacturers make use of robots in their production processes.**

**(b) Define the term ROBOTICS.  
(1 mark)**

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**1 continued**

- (c) Define the term CAPITAL INTENSIVE PRODUCTION.  
(1 mark)**

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1 continued

**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 mark)**

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**1 continued**

**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 marks)**

**€ \_\_\_\_\_**

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# 1 continued

- (f) Explain ONE reason why many businesses have a human resource function.**  
**(3 marks)**

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**Turn over**

1 continued

FIGURE 2 is an extract of financial information from PPS.

FIGURE 2

Gross profit margin in 2022	25.6%
Gross profit margin in 2023	29.4%

- (g) Analyse the usefulness of the gross profit margin to PPS.  
(6 marks)  
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## 1(g) continued

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**1(g) continued**

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

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- 2      (a)    State ONE advantage for PPS of keeping its customers loyal.  
              (1 mark)**

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- (b)    State ONE reason why PPS motivates its employees.  
          (1 mark)**

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## 2 continued

**(c) Explain ONE impact on a business of ineffective communication.**  
**(3 marks)**

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## 2 continued

**(d) Explain ONE advantage to a business of having a decentralised organisation.  
(3 marks)**

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## 2 continued

**(e) Explain ONE benefit to a business of using seasonal employees.**  
**(3 marks)**

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**2 continued**

**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 marks)**

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**Turn over**

- 3 (a) Define the term DISECONOMIES OF SCALE.  
(1 mark)

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**3 continued**

- (b) Outline ONE method of primary market research that PPS could use to gain feedback on its services. (2 marks)**

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**Turn over**

3 continued

**FIGURE 3** is an extract of financial information from a PPS monthly cash flow forecast.

**FIGURE 3**

	€
Opening balance	16 000
Cash inflow	22 000
Cash outflow	20 000

- (c) Calculate the closing balance. You are advised to show your working.  
(2 marks)

€ \_\_\_\_\_

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### 3 continued

**PPS wants information on its customers' spending patterns.**

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

**(6 marks)**

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### 3(d) continued

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**3 continued**

**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 marks)**

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### 3(e) continued

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

**Turn over**

- 4 PPS is planning to introduce a new line of dog treats.  
FIGURE 4 shows some financial information for this product.

FIGURE 4

	€
Monthly fixed costs	1 000
Variable cost per unit	3.25
Selling price	4.50

- (a) Calculate the break-even level of output for this new line of dog treats. You are advised to show your working.  
(2 marks)

\_\_\_\_\_ dog treats

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## 4 continued

- (b) Analyse the importance of cash to PPS.  
(6 marks)**

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**4(b) continued**

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## 4 continued

**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 marks)**

**Answer space continues on the next 3 pages**

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**4(c) continued**

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**4(c) continued**

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**(Total for Question 4 = 20 marks)**

**TOTAL FOR PAPER = 80 MARKS**

**END OF PAPER**