

Paper Reference 4BS1/01R
Pearson Edexcel International GCSE

Business
PAPER 1: Investigating small businesses

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

Total Marks

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

Candidate surname					
Other names					
Centre Number					
Candidate Number					

YOU MUST HAVE:
Nil.

YOU WILL BE GIVEN:
Data Booklet

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.**

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?
(1 mark)**

Select ONE answer.

- ☐ **A Overdraft**
- ☐ **B Crowdfunding**
- ☐ **C Retained profit**
- ☐ **D Share capital**

(continued on the next page)

1(a) continued

- (ii) Which ONE of the following is a result of average costs rising in a growing large business?
(1 mark)

Select ONE answer.

- ☐ A Economies of scale
- ☐ B Diseconomies of scale
- ☐ C Purchasing economies
- ☐ D Financial economies

(continued on the next page)

1(a) continued

- (iii) Which ONE of the following is the money left after all costs have been subtracted from revenue?
(1 mark)

Select ONE answer.

- ☐ A Gross profit
- ☐ B Inflows
- ☐ C Loss
- ☐ D Profit

(continued on the next page)

1(a) continued

- (iv) Which ONE of the following is a debt payable after 12 months?
(1 mark)

Select ONE answer.

- ☐ A Non-current liability
- ☐ B Current liability
- ☐ C Non-current asset
- ☐ D Current asset

(continued on the next page)

1(a) continued

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?**
(1 mark)

Select ONE answer.

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

(continued on the next page)

1(a) continued

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?
(1 mark)

Select ONE answer.

☐ A €59.52

☐ B €48.81

☐ C €42.00

☐ D €41.00

(continued on the next page)

1 continued

**(b) Define the term VARIABLE COST.
(1 mark)**

(continued on the next page)

1 continued

**(c) Define the term NICHE MARKETING.
(1 mark)**

(continued on the next page)

1 continued

- (d) State ONE way CAFÉ PINCH can react to external social factors affecting its business.
(1 mark)**

(continued on the next page)

1 continued

**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 marks)**

€ _____

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Turn over

1 continued

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

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1 continued

- (g) Analyse the importance to Kumaran, the owner of CAFÉ PINCH, of having motivated employees.**

(6 marks)

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1(g) continued

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(Total for Question 1 = 20 marks)

- 2 (a) State ONE reason why CAFÉ PINCH might set business objectives.
(1 mark)**

(continued on the next page)

2 continued

- (b) State ONE way CAFÉ PINCH could use the Boston matrix to review its product portfolio.
(1 mark)**

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2 continued

(c) Explain ONE responsibility of the human resources function.
(3 marks)

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2 continued

(d) Explain ONE advantage of being in a partnership. (3 marks)

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2 continued

- (e) Explain ONE disadvantage to a business of having a hierarchical organisational structure.**
(3 marks)

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2 continued

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 marks)

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2(f) continued

(Total for Question 2 = 20 marks)

- 3 (a) Define the term SECONDARY SECTOR.
 (1 mark)**

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3 continued

- (b) Outline ONE way CAFÉ PINCH could use social media to promote its business.
(2 marks)**

(continued on the next page)

Turn over

3 continued

FIGURE 1 is an extract of the statement of comprehensive income for CAFÉ PINCH.

FIGURE 1

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

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

_____ %

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3 continued

- d) Analyse TWO factors CAFÉ PINCH might consider when measuring its success.**

(6 marks)

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3(d) continued

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3 continued

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 marks)

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3(e) continued

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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.**

FIGURE 2

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

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

_____ %

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4 continued

- (b) Analyse how CAFÉ PINCH could use market segmentation to target its customers.
(6 marks)**
- Answer space continues on the next page**

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4(b) continued

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4 continued

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 marks)

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4(c) continued

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4(c) continued

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4(c) continued

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS