Please check the examination de	etails bel	ow before ente	ring your candidate information
Candidate surname			Other names
Pearson Edexcel International GCSE	Cen	tre Number	Candidate Number
Time 1 hour 30 minutes		Paper reference	4BS1/01
Business PAPER 1: Investigation	ng sr	nall busi	inesses
You do not need any other m	ateria	ls.	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.
- 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.

Turn over ▶





FORMULAE FOR INTERNATIONAL GCSE BUSINESS

Gross profit margin:

Gross profit = revenue – cost of sales

Gross profit margin =
$$\frac{\text{gross profit}}{\text{revenue}} \times 100$$

Operating profit margin:

Operating profit = gross profit - other operating expenses

Operating profit margin =
$$\frac{\text{operating profit}}{\text{revenue}} \times 100$$

Markup:

Markup =
$$\frac{\text{profit per item}}{\text{cost per item}} \times 100$$

Return on capital employed (ROCE):

$$ROCE = \frac{operating profit}{capital employed} \times 100$$

Current ratio:

$$Current ratio = \frac{current assets}{current liabilities}$$

Acid test ratio:

Acid test ratio =
$$\frac{\text{current assets - inventory}}{\text{current liabilities}}$$

X

D Ethical

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box \boxtimes . If you change your mind about an answer, put a line through the box \boxtimes and then mark your new answer with a cross \boxtimes .

Nantgwynfaen Organic Farm (NOF) is a farm growing a range of fruit and vegetables. It has a farm shop and offers accommodation with breakfast. It was set up by Amanda and Ken Edwards in West Wales, UK.

NOF supports farmers by selling local organic produce in its farm shop. The produce from the farm shop is served to the visitors staying overnight at the farm.

NOF is committed to being environmentally friendly by recycling, avoiding the use of packaging and reducing the use of electricity.

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

(1) Select **one** answer. **A** Personal savings X **B** Retained profit X **C** Bank loan X **D** Selling assets (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? (1) Select **one** answer. X **A** Penetration X Skimming X **C** Competition X **D** Promotional (iii) Which **one** of the following types of discrimination is protected by legislation? (1) Select **one** answer. **A** Age X Ability Social



			(1)
Sele	ct on	e answer.	
\times	A	Curriculum vitae	
\times	В	Letter of application	
×	C	Newspaper advertisement	
×	D	Person specification	
<i>NOF</i> imp	orts	dried fruit from France. A kilogram (kg) costs €12.84.	
The excl	nang	e rate is £1 (Pound sterling) = €1.16 (Euro).	
		ne of the following would <i>NOF</i> pay for 1kg of dried fruit in pounds	
sterl	ing:		(1)
Sele	ct on	e answer.	
×	Α	£1.16	
X	В	£11.07	
X	C	£12.84	
×	D	£14.00	
NOF buy for £3.60		ney from a local farm for £1.60 a jar and sells it to customers	
(vi) Wha	t is tl	he markup on a jar of honey?	
			(1)
Sele	ct on	ne answer	
×	A	1.6%	
×	В	2%	
×	C	125%	
X	D	250%	
Define t	he te	erm profit .	/41
			(1)



d) State one reason why <i>NOF</i> segments its target market by income. (1) Figure 1 is an extract from <i>NOF's</i> statement of comprehensive income. Revenue 160 Cost of sales 70 Gross profit 90 Other operating expenses 10 Figure 1 e) Calculate the operating profit margin. You are advised to show your working.	(c) Define the term non -	-current liabilities.		(1)
Figure 1 is an extract from NOF's statement of comprehensive income. Revenue 160 Cost of sales 70 Gross profit 90 Other operating expenses 10 Figure 1 e) Calculate the operating profit margin. You are advised to show your working.				
Revenue 160 Cost of sales 70 Gross profit 90 Other operating expenses 10 Figure 1 e) Calculate the operating profit margin. You are advised to show your working.	d) State one reason wh	y <i>NOF</i> segments its target marke	et by incom	
Revenue 160 Cost of sales 70 Gross profit 90 Other operating expenses 10 Figure 1 e) Calculate the operating profit margin. You are advised to show your working.				
Revenue 160 Cost of sales 70 Gross profit 90 Other operating expenses 10 Figure 1 e) Calculate the operating profit margin. You are advised to show your working.	Figure 1 is an extract fro	m <i>NOF'</i> s statement of comprehe	ensive incon	ne.
Cost of sales 70 Gross profit 90 Other operating expenses 10 Figure 1 e) Calculate the operating profit margin. You are advised to show your working.			£000s	
Gross profit 90 Other operating expenses 10 Figure 1 e) Calculate the operating profit margin. You are advised to show your working.		Revenue	160	
Other operating expenses 10 Figure 1 e) Calculate the operating profit margin. You are advised to show your working.		Cost of sales	70	
Figure 1 e) Calculate the operating profit margin. You are advised to show your working.		Gross profit	90	
e) Calculate the operating profit margin. You are advised to show your working.		Other operating expenses	10	
		Figure 1		
	e) Calculate the operati	ng profit margin. You are advise	ed to show y	
				04
%	[70

(f) Explain one strategy a small business might use to extend the product life cycle of one of its products.	(3)

(g) Analyse the importance of marketing to <i>NOF</i> .		(6)
	(Total for Question 1 = 20 ma	rks)



The demand for <i>NOF</i> products can be affected by external factors.	
2 (a) State one external factor that could cause a change in demand for <i>NOF</i> products.	(1)
(b) State one reason <i>NOF</i> might use other retailers to sell its products.	
	(1)
(c) Explain one benefit to a business of using secondary market research.	(3)

(d) Explain one limitation of a cash flow forecast when making business decisions.	(3)
(e) Explain one benefit to a business of using crowdfunding as a source of finance.	(3)



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 <i>NOF</i> should choose.	(9)
	(=)



(Total for Question 2 = 20 marks)

(a) Define the term remuneration .	(1)
(b) Outline one reason why <i>NOF</i> would choose to use seasonal staff when harvesting its products.	(2)
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 <i>NOF</i> will have to sell each day to break-even. You are advised to show your working.	
	(2)
Tubs of ice cr	raam.



whether to includ	de ice cream in its	product range.	(6)



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



(Total for Question 3 = 20 marks)

(2)

4 Figure 2 is an extract from *NOF*'s financial information for 2020.

	£
Current assets	300 000
Stock	50 000
Current liabilities	220 000

Figure 2

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

(b) Analyse the benefits to <i>NOF</i> of using personal savings to expand its product range	ge. (6)



(c) Evaluate the factors that <i>NOF</i> 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)



TOTAL FOR PAPER = 80 MARKS
(Total for Question 4 = 20 marks)





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Acknowledgement

Question 1 source from: www.organicfarmwales.co.uk

