Candidate surname

Other names

Pearson Edexcel
International GCSE

Centre Number

Candidate Number

Thursday 16 May 2019

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 ▶

P59929A
©2019 Pearson Education Ltd.
1/1/1/1/1/1/1

Pearson

FORMULAE FOR INTERNATIONAL GCSE BUSINESS STUDIES

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

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

Mark up:

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

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:

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

GradeMax

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 *Lavender*, a Malaysian business, started with bakery, patisserie and takeaway shops. It has now developed into several other businesses. *L.café* is a self-serve café selling a variety of cakes and drinks. *L.bistro* is a casual dining place with a selection of Asian foods. *L.table* is a formal restaurant that uses high quality and organic ingredients.

(Source adapted from: https://www.lavender.com.my/about-us-c1kfx)

(a) (i) Which **one** of the following would be a source of finance that could be used for a cash flow problem?

(1)

Select **one** answer.

☒ **A** Venture capital

☒ **B** Overdraft

☒ **C** Debenture

☒ **D** Leasing

(ii) Which **one** of the following is a phase of the product life cycle?

(1)

Select **one** answer.

☒ **A** Star

☒ **B** Place

☒ **C** Maturity

☒ **D** Branding

(iii) Which **one** of the following is an example of a fixed cost for *Lavender*?

(1)

Select **one** answer.

☒ **A** Flour used in the cakes

☒ **B** Packaging used for *Lavender*'s cakes

☒ **C** Sugar used in production

☒ **D** Rent for *Lavender*'s businesses

3

Turn over ▶

(iv) When a business employs a new member of staff, part of their induction training would include:

(1)

Select **one** answer.

☒ **A** Health and safety

☒ **B** Total Quality Management

☒ **C** Off-the-job training

☒ **D** Government schemes

Lavender buys 150 kilograms (kgs) of yeast from Germany at a cost of €2 250.

The exchange rate is €1 = 5 Malaysian Ringgits (MYR).

(v) How much does *Lavender* pay in MYR for the yeast?

(1)

Select **one** answer.

☒ **A** 750

☒ **B** 2 250

☒ **C** 11 250

☒ **D** 337 500

Lavender calculates the cost of the cakes it makes. The weekly fixed cost is 759 MYR. The variable cost per cake is 4.70 MYR.

(vi) Calculate the total cost of selling 1,650 cakes in a week.

(1)

Select **one** answer.

☒ **A** 2 413.70

☒ **B** 3 567.30

☒ **C** 7 755.00

☒ **D** 8 514.00

(b) Define the term **short-term finance**.

(1)

....

....

GradeMax

(c) Define the term **above the line promotion**.

(1)

....

....

(d) State **one** reason *Lavender* would recruit internally.

(1)

....

....

Lavender are offering a discount of 15% if customers buy 25 cakes. Each cake costs 12 MYR.

(e) Calculate the cost of buying 25 cakes. You are advised to show your working.

(2)

.... MYR

(f) Explain **one** advantage of being a franchisee.

(3)

....

....

....

....

....

....

....

....

5

(g) Analyse why customer satisfaction might be important to *Lavender*.

(6)

....

....

....

....

....

....

....

....

....

....

....

....

(Total for Question 1 = 20 marks)

2 (a) State **one** non-financial method of motivating staff at *Lavender*.

(1)

....

....

(b) State **one** function of the finance area in *Lavender*.

(1)

....

....

(c) Explain **one** way a business can use penetration pricing.

(3)

....

....

....

....

....

....

(d) Explain **one** reason why a business would have a short span of control.

(3)

....

....

....

....

....

....

P 5 9 9 2 9 A 0 7 1 6

(e) Explain **one** reason why diseconomies of scale may occur in a business.

(3)

....

....

....

....

....

Lavender has eight *L.café* outlets operating across Malaysia. It is planning to open eight more outlets. To maintain the standards of its bakery products across all outlets, it needs to consider the most suitable method of production.

The following **two** options are being considered:

Option 1: batch production

Option 2: flow production.

(f) Justify which **one** of these two options *Lavender* should use.

(9)

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

(Total for Question 2 = 20 marks)

3 Figure 1 is an extract from *Lavender*'s Statement of Comprehensive Income. Use the information below and then answer the following questions.

	Bakery (000s MYR)	*L.café* (000s MYR)	*L.bistro* (000s MYR)
Revenue	149	75	65
Cost of sales	83	51	33
Gross profit	66	24	32
Gross profit margin	44.3%		49.2%

Figure 1

(a) Define the term **current liabilities**.

(1)

....

....

(b) Outline **one** reason why the revenue is higher for the Bakery shops rather than for *L.café* and *L.bistro*.

(2)

....

....

....

....

(c) Using Figure 1, calculate the gross profit margin for *L.café*. You are advised to show your workings.

(2)

.... %

(d) Analyse how the Statement of Comprehensive Income can be used by *Lavender* when considering its expansion.

(6)

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

DO NOT WRITE IN THIS AREA

To expand by opening new outlets, *Lavender* will need to know what its customers' needs and wants are.

In order to do this, *Lavender* are considering the following **two** options:

Option 1: primary market research

Option 2: secondary market research.

(e) Justify which **one** of these two methods *Lavender* should use.

(9)

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

(Total for Question 3 = 20 marks)

DO NOT WRITE IN THIS AREA

4 In 2017 one of *Lavender*'s outlets had current assets of 120 000 MYR and current liabilities of 90 000 MYR.

(a) Calculate to 2 significant figures the current ratio for 2017. You are advised to show your workings.

(2)

(b) Analyse the benefits to *Lavender* of using internal sources of finance for its expansion plans.

(6)

Lavender already uses a website to promote its products.

(c) Evaluate the benefits to *Lavender* of using other forms of technology to promote its products.

(12)

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

14

....

....

....

....

....

....

....

....

....

....

....

....

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

BLANK PAGE