Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number

Candidate Number

Pearson Edexcel International GCSE

Friday 9 May 2025

Afternoon (Time: 1 hour 30 minutes)

Paper reference **4BS1/01**

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 ▶

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Pearson

FORMULAE FOR INTERNATIONAL GCSE BUSINESS

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

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

Markup:

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

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:

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

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 Gianni Polvani opened his first gym, *Four Fitness*, over 20 years ago. He now employs 14 highly-qualified gym instructors in his two gyms. Both gyms are in Italy, one in Arezzo and the other in Castiglion Fiorentino.

The gym encourages its members to take part in all the physical activities it offers. Members can take part in a number of social activities as well.

Four Fitness has a website which is primarily for information only. The website details such things as opening hours and descriptions of available activities. It cannot be used to book activities or access personal training plans.

(a) (i) Which **one** of the following is a debt payable within 12 months?

Select **one** answer.

(1)

☐ **A** Current asset

☐ **B** Current liability

☐ **C** Non-current asset

☐ **D** Non-current liability

(ii) Which **one** of the following is a pricing strategy where a business sets an initial high price for a product new to the market?

Select **one** answer.

(1)

☐ **A** Skimming

☐ **B** Competition

☐ **C** Penetration

☐ **D** Cost plus

(iii) Which **one** of the following is a role of the human resources department?

Select **one** answer.

(1)

☒ **A** Reducing costs

☒ **B** Designing products

☒ **C** Customer service

☒ **D** Recruiting employees

(iv) Which **one** of the following is a benefit to a shareholder of having limited liability?

Select **one** answer.

(1)

☒ **A** Choosing who can buy shares

☒ **B** May build a better relationship with suppliers

☒ **C** Own possessions are not at risk

☒ **D** Employee motivation will increase

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Four Fitness is considering introducing sports drinks to sell to its customers and to do this it needs to hire a fridge to store the sports drinks. To decide whether it is a good business decision, it needs to work out the break-even level of output.

Figure 1 shows some financial data to assist this decision.

	€
Fixed costs	280
Variable cost per unit	0.70
Revenue per unit	1.50

Figure 1

(v) Which **one** of the following is the break-even level of output?

Select **one** answer.

(1)

☒ **A** 280

☒ **B** 350

☒ **C** 420

☒ **D** 616

Figure 2 is a financial extract from a gym equipment business that supplies *Four Fitness*.

	€
Total revenue	132 165
Total labour costs	54 000
Total material costs	17 000
Other costs	17 400

Figure 2

(vi) Which **one** of the following statements from **Figure 2** correctly applies to the gym equipment business?

Select **one** answer.

(1)

☒ **A** It made a loss of €88 400

☒ **B** It made a loss of €61 165

☒ **C** It made a profit of €43 765

☒ **D** It made a profit of €78 165

(b) Define the term **trade bloc**.

(1)

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(c) Define the term **job production**.

(1)

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(d) State **one** reason why *Four Fitness* would pay its employees more than the minimum wage.

(1)

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As part of its 'social activities' *Four Fitness* is planning an evening event promoting healthy eating and living. The price of a ticket is €35. *Four Fitness* members will be given a 7% discount.

(e) Calculate the total price if five *Four Fitness* members attend the event. You are advised to show your working.

(2)

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(f) Explain **one** impact to a business of providing fringe benefits to employees.

(3)

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Gianni Polvani's span of control is 14.

(g) Analyse the effectiveness of the wide span of control used by Gianni Polvani.

(6)

(Total for Question 1 = 20 marks)

After a recent increase in customer numbers *Four Fitness* is considering opening a third gym.

2 (a) State **one** factor *Four Fitness* may consider when choosing a location for its new gym.

(1)

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(b) State **one** reason why branding is important to *Four Fitness*.

(1)

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(c) Explain **one** advantage to a business of using total quality management.

(3)

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(d) Explain **one** problem a business might face as a result of ineffective communication.

(3)

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(e) Explain **one** disadvantage to a small business of borrowing money from a bank.

(3)

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Four Fitness is looking to introduce a new service to increase its market share. It is considering two options:

Option 1: as part of its monthly subscription price, members are given a 'Technogym Electronic Key' which is inserted into the gym equipment. The key will track and store their progress. An instructor helps them to analyse their progress.

Option 2: introduce links to online fitness classes on its website that can be accessed from home. Customers will be charged for each fitness class downloaded.

(f) Justify which **one** of these two options *Four Fitness* should choose.

(9)

(Total for Question 2 = 20 marks)

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3 (a) Define the term **economies of scale**.

(1)

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(b) Outline **one** way quantitative research data might help *Four Fitness* to improve its marketing mix.

(2)

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Figure 3 is an extract of financial information from a *Four Fitness* monthly cash flow forecast.

	€
Cash inflow	60 000
Closing balance	21 500
Cash outflow	48 600

Figure 3

(c) Calculate the net cash flow balance. You are advised to show your working.

(2)

€ ....

Four Fitness will need to externally recruit a Marketing Manager when it opens a third gym.

(d) Analyse the benefits to *Four Fitness* of recruiting externally.

(6)

Gianni Polvani operates *Four Fitness* as a sole trader. He is considering a change to the ownership of the business and is looking at two options:

Option 1: a partnership with three of his employees

Option 2: a private limited company.

(e) Justify which **one** of these two options Gianni should choose.

(9)

(Total for Question 3 = 20 marks)

4 **Figure 4** is an extract from a *Four Fitness* Statement of Comprehensive Income.

	€
Revenue	168 000
Costs of sales	54 638
Gross profit	113 362

Figure 4

(a) Calculate, to two decimal places, the gross profit margin. You are advised to show your workings.

(2)

.... %

(b) Analyse why *Four Fitness* complies with health and safety laws.

(6)

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The global health and fitness market has an average growth of 7% a year. Individuals are spending more money on looking after their health by becoming fitter and taking out a gym membership. Advancements in technology are also making it easier to monitor fitness levels.

Four Fitness has two gyms in a health-conscious Italy. The team of instructors are all professionally qualified and enthusiastic to share their experience with its customers.

(c) Evaluate how *Four Fitness* may respond to the changes in the market. You should use the information provided as well as your own knowledge of business.

(12)

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

Source for *Four Fitness* business. https://www.fourfitness.it/