

Write your name here

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Edexcel Centre Number

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 Candidate Number

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International GCSE

Business Studies

Wednesday 22 May 2013 – Morning Time: 2 hours	Paper Reference 4BS0/01
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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.
- There are two sections for this paper – Section A and Section B.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- A calculator may be used.

Information

- The total mark for this paper is 100.
- 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.
- Keep an eye on the time.
- 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 STUDIES

Gross Profit Ratio

Gross Profit = sales revenue – cost of goods sold

$$\text{Gross Profit ratio} = \frac{\text{Gross profit}}{\text{Sales revenue}} \times 100$$

Net Profit Ratio

Net Profit = Gross Profit – overheads

$$\text{Net Profit ratio} = \frac{\text{Net profit before tax}}{\text{Sales revenue}} \times 100$$

Return On Capital Employed (ROCE)

$$\text{ROCE} = \frac{\text{Net Profit before tax}}{\text{Net capital employed}} \times 100$$

Current Ratio

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

Acid Test Ratio

$$\text{Acid Test ratio} = \frac{\text{Current assets} - \text{stock}}{\text{Current liabilities}}$$



Azeem has always wanted to become a hairdresser. After completing a hairdressing course at college, Azeem went to work at a local hairdressing salon to gain experience. He was hard working and was popular with clients so much so that within three years the owner promoted him to manager of the salon. Azeem soon realised that he would very much like to have his own business and began to carry out research about owning and running a business of his own.

He had a number of meetings with his local bank manager and visited several premises. It did not take him too long to obtain the necessary loans and find the premises he wanted to open up his first salon, *Designer Cuts*. Although the premises were not as large as he wanted or in the area he wanted, he had started his own business. Within a few years, *Designer Cuts* was doing very well.

Azeem sells the products he uses in his salon to clients. He constantly monitors the products that are selling and those that are not, to meet the changing demands of the clients.



Answer ALL questions.

SECTION A

For each of the questions (i) – (v), choose an answer A, B, C, or D and put a cross in the box ☒.
Mark only one answer for each question. If you change your mind, put a line through
the box ☒ and then indicate your new answer with a cross ☒.

1 (a) (i) Hairdressers are normally paid by the number of hours they work.

This is a

(1)

- A salary
- B bonus
- C wage
- D commission

(ii) Training provided by a college is known as

(1)

- A on-the-job
- B induction
- C in-house
- D off-the-job

(iii) To inform clients of offers within the salon, Azeem uses posters.

This is a type of

(1)

- A advertising
- B pricing
- C product
- D revenue

(iv) Costs that stay the same are known as

(1)

- A variable costs
- B profit
- C loss
- D fixed costs



(v) People who apply for a job at *Designer Cuts* would have to complete

(1)

- A** a job description
- B** an application form
- C** an order form
- D** a memorandum

Below are a number of terms and definitions.

(b) Using the numbers and letters, match each term to its correct definition.

(5)

The first one has been done for you.

Terms		Definitions	
1	Entrepreneur	A	A person who owns and runs their own business and takes risks
2	Chain of Command	B	An individual or group having an interest in the success or activities of a business
3	Business Plan	C	The use of the internet to carry out business transactions
4	Stakeholder	D	A document for the development of a business that includes location, employees and cash flow
5	E-commerce	E	A business that controls all of the market for a product
6	Monopoly	F	Instructions are passed from senior management to lower management

- 1 **A**
- 2
- 3
- 4
- 5
- 6



Azeem considers market segmentation when trading.

(c) Why might Azeem consider each of these segments?

(i) Age

(2)

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(ii) Gender

(2)

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(iii) Lifestyle

(2)

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Azeem is considering forming a partnership.

(d) (i) What is meant by the term 'partnership'?

(2)

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Azeem has been told that if he takes on a partner he needs to sign a deed of partnership.

(ii) How would a deed of partnership benefit Azeem?

(2)

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(Total for Question 1 = 20 marks)



2 Azeem must consider all aspects of marketing his business.

(a) What is meant by the term 'marketing'?

(2)

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(b) Identify **four** elements of the marketing mix.

(4)

1

2

3

4

(c) Azeem has set the objective of survival for *Designer Cuts*.

(i) Why would Azeem set this objective?

(2)

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(ii) What **two** objectives, other than survival, could Azeem set for *Designer Cuts*?

(2)

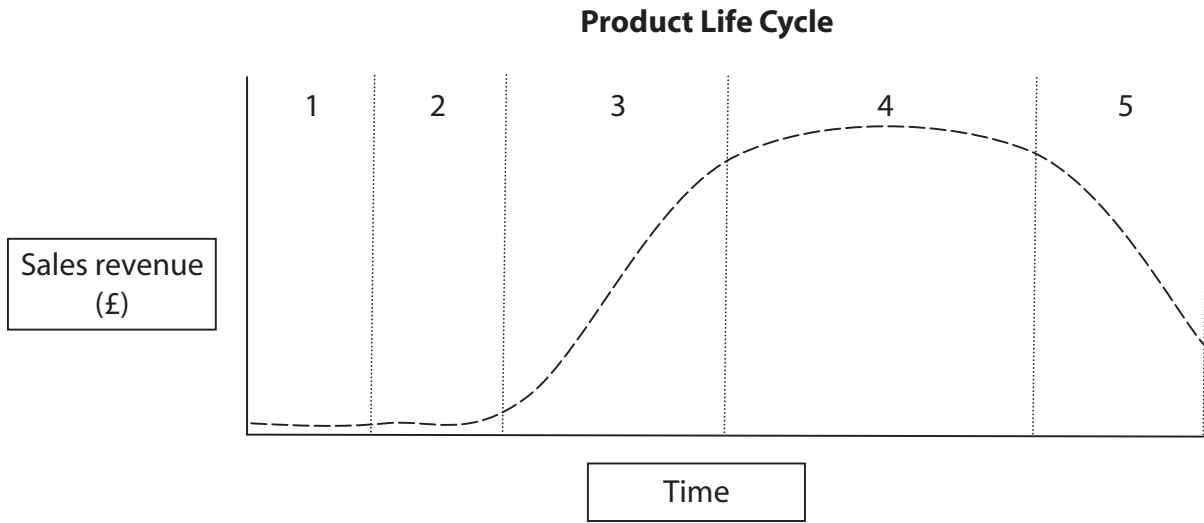
1

2



The products that Azeem sells have a life cycle.

(d) Name each of the four stages shown in the product life cycle below, numbered 2, 3, 4 and 5.



1 Development

2

3

4

5



Owing to the increase in demand for *Designer Cuts'* services, Azeem is considering moving to larger premises. There are **two** possible premises available.

Premise 1 - in an area of housing with only two general stores.

Premise 2 - in a shopping centre where there are other hairdressers.

Select the premise that would be most suitable for Azeem.

(e) Discuss **two** reasons for your choice of premise.

(6)

1

2

(Total for Question 2 = 20 marks)



3 Azeem employs a financial accountant, Maya, to prepare his final accounts. Part of the Profit and Loss Account is shown below.

Profit and Loss Account for year ending 31 March 2013

Gross Profit	£84 000
Other income	<u>£15 000</u>
	£99 000
Less expenses	
Wages and salaries	£48 000
Rent	£ 5 000
Lighting and heating	£10 000
Advertising expenses	<u>£12 000</u>
	£75 000
Net Profit	?

(a) (i) What is the net profit for the end of year trading on 31 March 2013? (1)

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(ii) Give **two** examples of advertising costs for *Designer Cuts*. (2)

1

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2

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(b) Explain why Maya cannot judge the success of Azeem's business by just looking at the Profit and Loss Account for 2013. (3)

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A cash flow forecast is not part of the final accounts but Azeem has used them in the past.

(c) Suggest how a cash flow forecast can help Azeem when making decisions for *Designer Cuts*.

(4)

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Maya realises that if Azeem is to move to larger premises he will need further sources of finance.

(d) Assess why taking out a bank loan is better than an overdraft for this purpose.

(4)

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SECTION B

4 *Designer Cuts* has been successful over the last few years and Azeem has decided to open another salon. He will need to recruit a new manager for this salon.

(a) (i) Why will a good person specification be important for Azeem when he recruits a new salon manager?

(3)

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(ii) Why would Azeem include times of work in the job description he sends to applicants?

(3)

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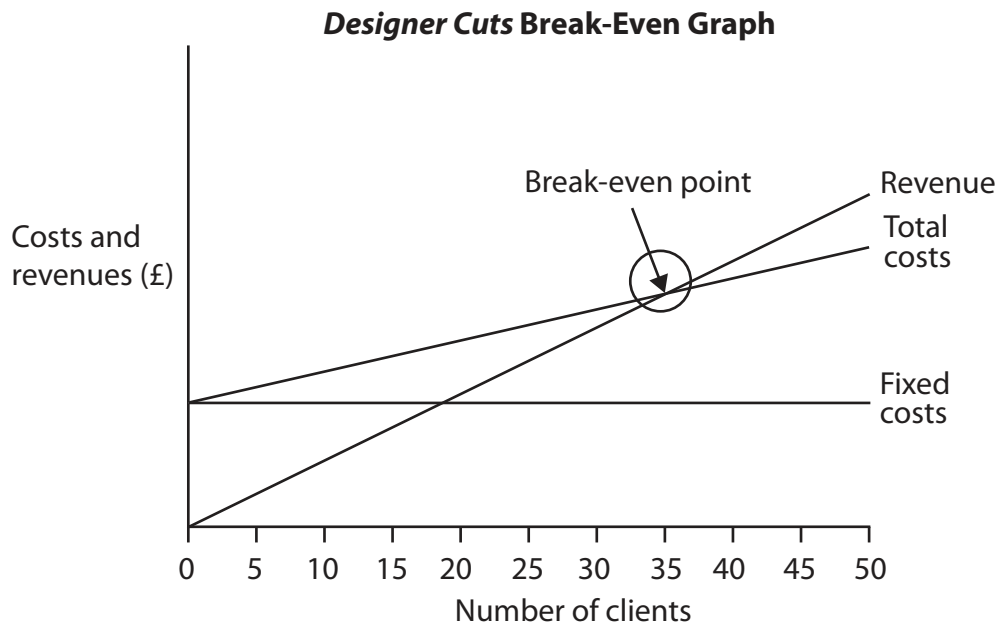
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Azeem has produced a break-even graph for the salon.



(c) Assess the benefit of Azeem using break-even analysis to see if his new shop will make a profit.

(8)

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(Total for Question 4 = 20 marks)



5 *Designer Cuts* was not successful in operating the additional salon. Within the first year of business Azeem had to close the salon, putting all the staff out of work. The business was left with many debts.

(a) (i) State **one** benefit to an employer of motivating employees.

(1)

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(ii) Using Maslow's Hierarchy of Needs, suggest how the social needs of those now out of work could be affected.

(4)

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(Total for Question 5 = 20 marks)

TOTAL FOR SECTION B = 40 MARKS
TOTAL FOR PAPER = 100 MARKS





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