www.dynamicpapers.com

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel International GCSE

Centre Number | | | | | |

Candidate Number | | | | |

Tuesday 2 June 2020

Afternoon (Time: 1 hour 30 minutes) | Paper Reference **4BS1/02R**

Business

Paper 2: Investigating large businesses

Calculators may be used.

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.*

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 ▶

P62429A

©2020 Pearson Education Ltd.

1/1/1/1/

P 6 2 4 2 9 A 0 1 2 0

Pearson

www.dynamicpapers.com

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

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

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:

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

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

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 *Hans Raj Mahajan Worldwide (HRMW)* is an established manufacturer of sports equipment and sportswear in India. It is a family-run business, which started trading in 1925 and since then has grown to become an established business. Its products are exported across the world. These include footballs, boxing gloves, hockey sticks and sports clothing.

(a) (i) Which **one** of the following is the meaning of production?

Select **one** answer.

(1)

☒ **A** Provision of services

☒ **B** Exchange of goods

☒ **C** Extraction of raw materials

☒ **D** Manufacture of finished goods

(ii) Which **one** of the following is a benefit to a person of buying a franchise?

Select **one** answer.

(1)

☒ **A** The person can buy supplies from any supplier

☒ **B** The person is given support from an established business

☒ **C** The person is guaranteed a set wage

☒ **D** The person shares their profits with the franchisee

A football that costs 1 060 Indian Rupees is sold for 1 600 Indian Rupees.

(iii) Which **one** of the following would be the markup percentage?

Select **one** answer.

(1)

☒ **A** 6.63%

☒ **B** 15.09%

☒ **C** 33.75%

☒ **D** 50.94%

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

The bank interest rate in India changed from 4.5% to 6.0%.

(iv) Which **one** of the following could affect a business because of this change?

Select **one** answer.

(1)

- ☒ **A** Higher loan repayments
- ☒ **B** Increase in labour costs
- ☒ **C** Improved net cash flow
- ☒ **D** Increase in sales

(v) Which **one** of the following is a feature of a public corporation?

Select **one** answer.

(1)

- ☒ **A** It is owned by a board of directors
- ☒ **B** It is funded by government
- ☒ **C** It aims to maximise profit
- ☒ **D** It is not accountable to anyone

Figure 1 shows the cash flow of a business for a month.

	(£)
Opening balance	1 020 000
Cash inflow	360 000
Cash outflow	400 000

Figure 1

(vi) Which **one** of the following is the closing balance for the business at the end of the month?

Select **one** answer.

(1)

- ☒ **A** –£40 000
- ☒ **B** £40 000
- ☒ **C** £980 000
- ☒ **D** £1 060 000

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(b) Define the term **commission**.

(1)

(c) Define the term **revenue**.

(1)

(d) State **one** possible reason why *HRMW* has a short span of control.

(1)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

Figure 2 shows *HRMW*'s estimated revenues.

Year	Revenue in Rupee (000)
2020–2021	85 083
2021–2022	92 322

Figure 2

(e) Calculate, to two decimal places, the percentage increase from 2020–2021 to 2021–2022. You are advised to show your working.

(2)

.....%

(f) Explain **one** reason why a business would sponsor an event.

(3)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(g) Analyse the benefit to *HRMW* of branding the products it sells.

(6)

(Total for Question 1 = 20 marks)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

2 *HRMW* carries out market research on a regular basis.

(a) State **one** function that human resources at *HRMW* would carry out.

(1)

(b) State **one** reason why *HRMW* carries out market research.

(1)

(c) Explain **one** benefit of using penetration pricing for a new product.

(3)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(d) Explain **one** benefit to a business of using the internet to carry out secondary market research.

(3)

(e) Explain **one** benefit to a business of continually introducing new products.

(3)

www.dynamicpapers.com

HRMW is always looking to improve its methods of production. To do this it is considering using the following two options:

Option 1: kaizen

Option 2: just-in-time (JIT).

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

(9)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(Total for Question 2 = 20 marks)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

3 *HRMW* employs staff to design the products it manufactures. The aim is to add features so that the products are better than any others on the market.

(a) Define the term **e-tailers**.

(1)

(b) Outline **one** reason why *HRMW* uses robotics in the production of its goods.

(2)

If *HRMW* produce tennis racquets with the following costs:

Fixed costs = 300 000 Rupees

Variable costs = 3 000 Rupees

Sale price = 5 000 Rupees

(c) Calculate the number of tennis racquets that would have to be made to break-even. You are advised to show your working.

(2)

..... Tennis racquets

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(d) Analyse the limitations for *HRMW* of using break-even charts when planning the manufacture of tennis racquets.

(6)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

Research and development (R&D) of tennis racquets before they are produced is essential and can be expensive. To cover these costs *HRMW* is considering the following two options:

Option 1: retained profit

Option 2: selling assets.

(e) Justify which **one** of these two options *HRMW* should use.

(9)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(Total for Question 3 = 20 marks)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

4 The Indian Government has said that *HRMW* is one of the top 10 businesses in India. *HRMW* has been given more than 50 awards for its performance in exporting and for the quality of its products.

Figure 3 shows *HRMW*'s possible financial situation.

	Rupees (000)
Current assets	64 650
Inventory	42 450
Current liabilities	54 550

Figure 3

(a) Calculate, to two decimal places, the acid test ratio for *HRMW*.
You are advised to show your workings.

(2)

.....

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(b) Analyse why a bank would be interested in *HRMW*'s financial documents if it were to apply for a loan to develop new sports products.

(6)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

(c) Evaluate the factors that make a business, such as *HRMW*, successful. You should use the information provided as well as your own knowledge of business.

(12)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

www.dynamicpapers.com

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE

Sources:
http://www.hansraj-india.com/