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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 **4BS1/02**

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 ▶

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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:

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

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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 In 1985 *Emirates* started its airline business with just two aircraft. It is now a well-known airline with over 265 aircraft flying to over 180 destinations around the world.

Emirates has won many awards for service and reliability. Until 2016 passengers rated *Emirates* the leading airline to travel with. However, in 2017 its rating dropped from first to fourth.

(a) (i) Which **one** of the following only applies to a public limited company?

(1)

Select **one** answer.

☒ **A** Controlled by the government

☒ **B** Shares are traded on the stock exchange

☒ **C** A maximum of 50 shareholders

☒ **D** Restriction in the transfer of shares

(ii) Which **one** of the following departments would send an invoice to a supplier?

(1)

Select **one** answer.

☒ **A** Human resources

☒ **B** Marketing

☒ **C** Finance

☒ **D** Production

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Figure 1 shows the annual total revenue of £1 200 000 for five businesses.

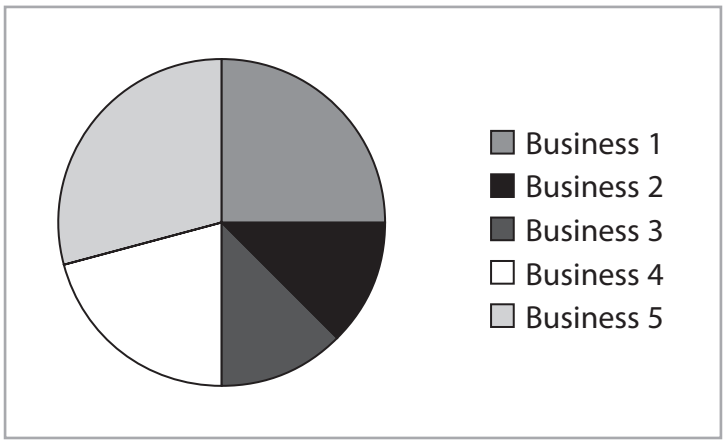


Figure 1

Business 1 £300 000
Business 2 £150 000
Business 3 £150 000
Business 4 £250 000
Business 5 £350 000

(iii) What is the market share for Business 2?

(1)

Select **one** answer.

☒ **A** 12.5%

☒ **B** 20.8%

☒ **C** 25.0%

☒ **D** 29.2%

(iv) Which **one** of the following describes an overdraft?

(1)

Select **one** answer.

☒ **A** A method of borrowing regular amounts

☒ **B** More funds taken out than are in the account

☒ **C** Money lent by many people to a business

☒ **D** A loan due for repayment in five years

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Figure 2 Extract from *Emirates* financial reports, 2015–2017

	2016–2017 Dirham millions (AED)	2015–2016 Dirham millions (AED)
Total assets	133 281	129 989
Cash assets	19 066	23 453

Figure 2

(v) What is the percentage change in total assets between 2015–2016 and 2016–2017?

(1)

Select **one** answer.

☒ **A** –18.70%

☒ **B** –2.53%

☒ **C** 2.47%

☒ **D** 2.53%

(vi) Which **one** of the following would be part of recruiting a new employee?

(1)

Select **one** answer.

☒ **A** Business plan

☒ **B** Induction training

☒ **C** Job description

☒ **D** Job enrichment

(b) Define the term **social enterprise**.

(1)

.....

.....

.....

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

(1)

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.....

.....

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(d) State **one** reason why *Emirates* uses competition pricing.

(1)

.....

.....

.....

Figure 3 shows part of a cash flow forecast for *Emirates*.

	June 2017 Dirham billions (AED)
Opening balance	44
Cash inflow	26
Cash outflow	30
Net cash flow	
Closing balance	40

Figure 3

(e) Calculate the net cash flow for June 2017. You are advised to show your working.

(2)

..... billions AED

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(f) Explain **one** of the factors in Herzberg's motivational theory.

(3)

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(g) Analyse the likely benefits to *Emirates* of using financial information when making business decisions.

(6)

(Total for Question 1 = 20 marks)

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2 *Emirates* wants to encourage its employees to remain with the company and offers them incentives to do so. It offers all of its passengers a loyalty programme.

(a) State **one** non-financial method *Emirates* could use to motivate its employees.

(1)

(b) State **one** reason why *Emirates* has a loyalty programme for its passengers.

(1)

(c) Explain **one** benefit for a business of having full-time employees.

(3)

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(d) Explain **one** reason for a business using seasonal staff.

(3)

(e) Explain **one** reason why employees should undertake health and safety training as part of their induction programme.

(3)

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Emirates wants to improve its popularity among passengers and become the leading airline again. It needs to carry out market research. It is considering two options:

Option 1: questionnaires

Option 2: focus groups.

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

(9)

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(Total for Question 2 = 20 marks)

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3 Saving the environment in which we all live is important. The Chairman ensures that *Emirates* works hard to recycle many of the materials it uses and to reduce atmospheric pollution from the fuel that powers its aircraft. Water consumption for washing aircraft has been reduced, newspapers and other paper products collected from *Emirates* aircraft cabins are recycled. *Emirates* uses a variety of methods to monitor its employees when carrying out these jobs. For these roles *Emirates* uses a short chain of command.

(a) Define the term **hierarchical structure**.

(1)

.....

.....

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(b) Outline **one** reason why *Emirates* has a short chain of command for monitoring its employees when recycling.

(2)

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.....

Emirates used 13,457,776 litres of petrol in 2016–2017. In 2017–2018 it reduced this figure by 12.5%.

(c) Calculate the number of litres of petrol that *Emirates* used in 2017–2018. You are advised to show your workings.

(2)

..... litres

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(d) Analyse why *Emirates* would want to be more environmentally friendly.

(6)

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Emirates wants to improve its market share to regain its number one position with passengers. It needs to improve its promotional activities. It is considering two options:

Option 1: increase the number of special offers

Option 2: increase advertising via social media.

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

(9)

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(Total for Question 3 = 20 marks)

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4 To train as a pilot can be very expensive. The cost of accommodation and meals as well as the actual cost of training must be taken into account. In 2018 the cost to an individual to become a pilot was 730 000 AED. *Emirates* aims to employ those pilots that have the best qualifications and skills.

Competition for air travel has increased over recent years as more and more people travel around the world, for work and pleasure. People are also taking holidays to many more different places. Lower cost airlines are entering the market to attract travellers.

Many trainee pilots take a bank loan of 730 000 AED to pay for their training.

(a) Calculate the total cost of a pilot's loan if the interest rate was 3%. You are advised to show your workings.

(2)

..... AED

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(b) Analyse why *Emirates* considers interviewing pilots as an important part of the recruitment process.

(6)

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(c) Evaluate how changes in consumer spending patterns and competition may affect a business such as *Emirates*. You should use the information provided as well as your own knowledge of business.

(12)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

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