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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

Time 1 hour 30 minutes

Paper reference **4BS1/02**

Business

PAPER 2: Investigating large 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.*
- Calculators may be used.

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.
- Good luck with your examination.

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

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

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:

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

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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 ☒.

NEXT is a well-known clothing retailer that operates in 70 countries and employs over 43,000 employees. Since *NEXT* commenced trading it has introduced many other products to its range such as home interiors, flowers and a wedding list service.

In 1999 *NEXT* launched its own online shopping platform, enabling customers to purchase its products where ever they live. It continues to improve its customer service by introducing new initiatives such as next day delivery.

NEXT mainly uses its own factories for production. However, it does purchase some clothes such as ladies dresses from Turkish factories.

1 (a) (i) Which **one** of the following sectors would a retail outlet operate in?

(1)

Select **one** answer.

☒ **A** Primary

☒ **B** Secondary

☒ **C** Tertiary

☒ **D** Quarternary

(ii) Which **one** of the following would be used to select a group of applicants for interview?

(1)

Select **one** answer.

☒ **A** Training

☒ **B** Shortlisting

☒ **C** Marketing

☒ **D** Advertising

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NEXT purchased 5,000 dresses from a Turkish manufacturer at 101.10 New Turkish Lira (TRY) per dress.

The exchange rate is £1.00 (GBP) = 6.74 (TRY)

(iii) Which **one** of the following would *NEXT* pay in £ (GBP) to the Turkish manufacturer for the 5,000 dresses?

(1)

Select **one** answer.

- ☒ **A** 5 101
- ☒ **B** 5 674
- ☒ **C** 33 700
- ☒ **D** 75 000

(iv) Which **one** of the following describes Kaizen?

(1)

Select **one** answer.

- ☒ **A** Skilled manufacturing
- ☒ **B** Just-in-time (JIT)
- ☒ **C** Market orientated
- ☒ **D** Continuous improvement

Figure 1 shows the number of online customers using *NEXT* in 2017–2018.

	2017 Millions	**2018 Millions**
Online customers	4.7	4.9

Figure 1

(v) What is the percentage increase, to two decimal places, of online customers from 2017 to 2018?

(1)

Select **one** answer.

- ☒ **A** 2.00%
- ☒ **B** 4.08%
- ☒ **C** 4.26%
- ☒ **D** 4.70%

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(vi) Which **one** of the following is a benefit of buying a franchise?

(1)

Select **one** answer.

- ☒ **A** The franchisor provides training to the franchisee
- ☒ **B** A franchisee pays a lower rate of Value Added Tax (VAT)
- ☒ **C** The franchisor pays the franchisee to set up in business
- ☒ **D** A franchisee makes all his/her own decisions

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

(1)

(c) Define the term **venture capital**.

(1)

(d) State **one** reason why *NEXT* might use cost plus pricing.

(1)

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NEXT predicts that its £727 million sales will grow by 3.2% next year.

(e) Calculate the predicted sales for next year. You are advised to show your working.

(2)

£ .....

(f) Explain **one** disadvantage for a business that does not achieve its predicted growth.

(3)

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(g) Analyse the benefits to *NEXT* of training all its employees.

(6)

(Total for Question 1 = 20 marks)

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2 (a) State **one** reason why *NEXT* would want to promote its own employees.

(1)

(b) State **one** reason why *NEXT* complies with health and safety laws.

(1)

(c) Explain **one** reason why businesses fail.

(3)

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(d) Explain **one** reason why a business would use batch production.

(3)

(e) Explain **one** reason why employees keep their curriculum vitae (CV) up to date.

(3)

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NEXT already uses a range of promotional methods to encourage customers to buy its products. It is now considering the following two methods as a way of increasing customer awareness of its brand and products:

Option 1: targeted advertising online

Option 2: e-newsletters.

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

(9)

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(Total for Question 2 = 20 marks)

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3 *NEXT* works hard to remain competitive with other retailers of similar products.

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

(1)

(b) Outline **one** reason why *NEXT* uses special offers.

(2)

Of *NEXT*'s 43,000 employees, 70% are women.

(c) Calculate the number of women working at *NEXT*. You are advised to show your working.

(2)

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(d) Analyse why *NEXT* would want to remove any communication barriers within its organisation.

(6)

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NEXT understands that some employees are motivated by non-financial methods and these may help with employee retention. To do this *NEXT* is considering the following two options:

Option 1: job rotation

Option 2: job enrichment.

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

(9)

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(Total for Question 3 = 20 marks)

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4 *NEXT* continually monitors progress so that it can measure the success of its business. It aims to do this through improving manufacturing techniques and cutting costs, whilst still maintaining the quality of the goods produced.

Figure 2 shows selected financial information for *NEXT* in 2019.

	2019 (£m)
Revenue	4 221
Operating profit	590

Figure 2

(a) Calculate to two decimal places the operating profit margin for *NEXT* in 2019. You are advised to show your working.

(2)

..... %

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(b) Analyse the effects for *NEXT* of an increase in UK interest rates.

(6)

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(c) Evaluate the importance for *NEXT* of maintaining quality throughout all of its manufacturing processes. 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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