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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:

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

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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 ☒.

Huawei is a leading global provider of information and communications technology, infrastructure and smart devices. In March 2011, over one million of its C8500 smartphones were sold in China following its launch.

It now manufactures a wide variety of different products including *Huawei* smartphones, watches and tablets. In recent years *Huawei* has won many awards. In 2018 it was named the 68th most valuable brand by Best Global Brands. In 2019 it introduced a smartphone which had new photographic technology.

1 (a) (i) Which **one** of the following is an advantage of primary market research?

(1)

Select **one** answer.

☒ **A** It is a more up to date method of research

☒ **B** It is less time-consuming than secondary research

☒ **C** It is cheaper than other types of market research

☒ **D** It is only done by market-research agencies

(ii) Which **one** of the following is a financial objective?

(1)

Select **one** answer.

☒ **A** Personal satisfaction

☒ **B** Market share

☒ **C** Independence

☒ **D** Control

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Figure 1 shows selected financial information for a pottery business.

Number of ceramic bowls sold per day	200
Price per bowl	£12.00
Variable cost per bowl	£3.00
Fixed costs per day	£600

Figure 1

(iii) Which **one** of the following is the total revenue for a day?

(1)

Select **one** answer.

- ☒ **A** £600
- ☒ **B** £1 800
- ☒ **C** £2 400
- ☒ **D** £7 200

(iv) Which **one** of the following would be a disadvantage for a partner in a partnership?

(1)

Select **one** answer.

- ☒ **A** Sharing the workload
- ☒ **B** Liability for all debts
- ☒ **C** Access to more capital
- ☒ **D** Sharing skills

Huawei's brand value for 2018 was $7.6 billion. *Huawei* plans to increase its brand value by 14% in 2019.

(v) What would be the brand value in 2019?

(1)

Select **one** answer.

- ☒ **A** $6.20 billion
- ☒ **B** $7.74 billion
- ☒ **C** $8.66 billion
- ☒ **D** $10.64 billion

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(vi) Which **one** of the following is a source of long-term finance?

(1)

Select **one** answer.

- ☒ **A** Overdraft
- ☒ **B** Sales revenue
- ☒ **C** Trade credit
- ☒ **D** Bank loan

(b) Define the term **sole trader**.

(1)

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

(1)

(d) State **one** reason why *Huawei* may use share capital as a source of finance.

(1)

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Figure 2 is part of the statement of comprehensive income for *Huawei* in 2018.

	(CNY) million
Revenue	721 202
Operating profit	73 287

Figure 2

(e) Calculate, to two decimal places, the operating profit margin for *Huawei*. You are advised to show your working.

(2)

..... %

(f) Explain **one** advantage for a business of using **sponsorship**.

(3)

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(g) Analyse the benefits for *Huawei* of locating its factories near to its labour sources.

(6)

(Total for Question 1 = 20 marks)

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2 *Huawei* is one of many businesses that manufacture smartphones and tablets. It therefore needs to keep and retain its staff, so that production is continuous. This will help to maintain its customers.

(a) State **one** possible reason why *Huawei* pays its employees in the UK above the minimum wage.

(1)

(b) State **one** possible reason why *Huawei* would want to keep its customers loyal to its brand.

(1)

(c) Explain **one** reason why having good public relations is important to a business.

(3)

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(d) Explain **one** benefit of being a multinational business.

(3)

(e) Explain **one** reason why secondary research would be used by a business.

(3)

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Huawei use a range of motivational methods to ensure its employees remain with them and do not leave. It has to make a decision on which of the following two options it will use. It is considering two methods:

Option 1: financial

Option 2: non-financial.

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

(9)

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(Total for Question 2 = 20 marks)

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3 *Huawei* constantly has to introduce new products to the market to keep up to date with its competitors. If it does not do this then there is the possibility that other businesses will succeed where *Huawei* will not.

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

(1)

.....

.....

.....

(b) Outline **one** reason why *Huawei* would use robotics in the production of its products.

(2)

.....

.....

.....

.....

.....

.....

In 2018 *Huawei* took out a one-year loan for 69 941 000 000 Renminbi (CNY) from a bank. The bank charged interest of 4.5% on the loan.

(c) Calculate the interest *Huawei* would pay. You are advised to show your working.

(2)

..... CNY

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(d) Analyse why *Huawei* offers its new employees in the design department off-the job training.

(6)

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Huawei operates in a very competitive market. For any new smartphone it has to decide which pricing strategy it will use. For its next smartphone *Huawei* is considering two options:

Option 1: competition pricing

Option 2: promotional pricing.

(e) Justify which **one** of these two options *Huawei* should use when launching its new smartphone.

(9)

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(Total for Question 3 = 20 marks)

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4 *Huawei* has to maintain the quality of its products to be able to compete with other businesses, as well as generating profit. It must also ensure that the products it produces meet the needs of its customers as well as introducing new and different forms of technology. On its website it states '*Huawei* are committed to bringing digital to every person, home and organisation for a fully connected, intelligent world'.

In January 2019 *Huawei* launched the *Huawei* 10 Pro smartphone in the US at a cost of 5 353 Renminbi (CNY).

The exchange rate was $1 = 6.70 CNY (Chinese Yuan Renminbi)

(a) Calculate the cost of this smartphone in US Dollars. You are advised to show your working.

(2)

$ .....

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(b) Analyse why *Huawei* would want good quality control when producing its smartphones.

(6)

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(c) Evaluate why *Huawei* would carry out market research before designing a new product. 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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