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Please check the examination details below before entering your candidate infor on

Candidate surname | Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

Monday 12 June 2023

Afternoon (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.*

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.*
- Calculators may be used.

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

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

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 t an answer, put a line through the box ☒ and then mark your new answer with a cross ◺

1 *IKEA* is a well-known home furniture retailer with stores throughout the world. It was started in 1943 by Ingvar Kamprad when he was given some money by his father for doing well at school. He wanted to produce furniture at a price that people could afford to buy.

He realised that transporting furniture to customers was difficult as goods were often damaged. He developed flat packs to avoid damage. A flat pack contained all the materials needed to self-assemble a table, a chair or a bed.

All *IKEA* stores are run as franchises.

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

Select **one** answer.

(1)

☒ **A** Challenge

☒ **B** Social objectives

☒ **C** Survival

☒ **D** Personal satisfaction

(ii) Which **one** of the following is an advantage to a business of using venture capital?

Select **one** answer.

(1)

☒ **A** It decreases access to other sources of finance

☒ **B** It keeps ownership in the business

☒ **C** It improves public relations

☒ **D** It can receive expert advice

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A Canadian supplier of timber charges *IKEA* $19.75 Canadian Dollars (CAD) per load.

The exchange rate is $1 CAD = 6.58 Swedish Krona (SEK).

(iii) Which **one** of the following would be the cost to *IKEA* for 1,000 loads in Swedish Krona?

Select **one** answer.

(1)

- ☒ **A** 151.98 SEK
- ☒ **B** 3 001.52 SEK
- ☒ **C** 19 750.00 SEK
- ☒ **D** 129 955.00 SEK

An *IKEA* dining table costs *IKEA* 3 800 SEK to make. The table sells for 4 400 SEK.

(iv) Which **one** of the following is the correct markup?

Select **one** answer.

(1)

- ☒ **A** 1.16%
- ☒ **B** 13.64%
- ☒ **C** 15.79%
- ☒ **D** 115.79%

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Figure 1 is a diagram of a product life cycle.

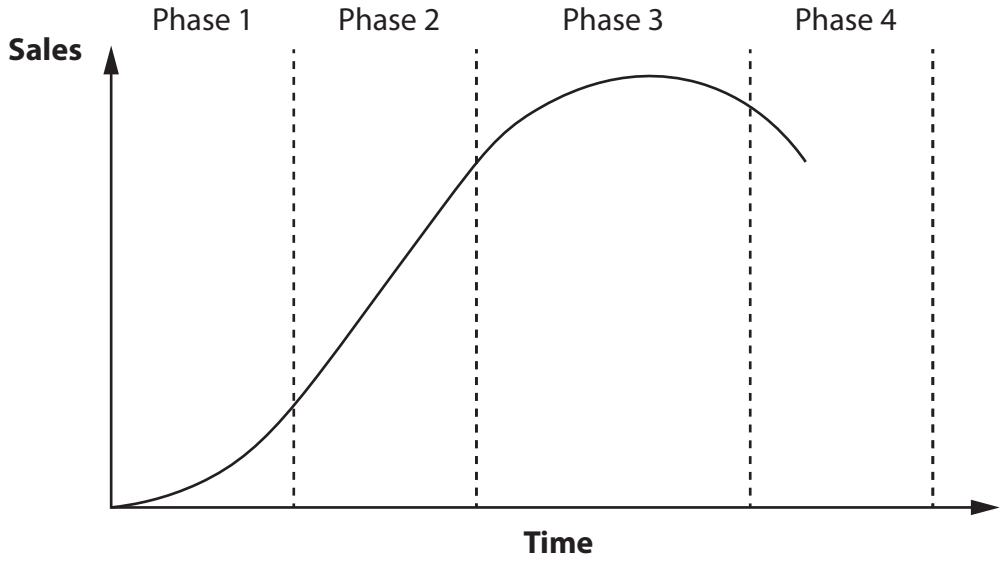

Figure 1

(v) Which **one** of the following is Phase 3 of the product life cycle?

Select **one** answer.

(1)

- ☒ **A** Decline
- ☒ **B** Growth
- ☒ **C** Introduction
- ☒ **D** Maturity

(vi) Which **one** of the following are equal in a break-even graph?

Select **one** answer.

(1)

- ☒ **A** Fixed costs and variable costs
- ☒ **B** Fixed costs and revenue
- ☒ **C** Total costs and fixed costs
- ☒ **D** Total costs and revenue

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(b) Define the term **person specification**.

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(c) Define the term **quality control**.

(1)

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(d) State **one** reason why *IKEA* provides induction training for new employees.

(1)

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.....

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Figure 2 is an extract from *IKEA*'s Statement of Income for 2020.

	Euros (€) millions
Revenue	37 368
Cost of sales and services	25 643
Gross profit	11 725

Figure 2

(e) Calculate, to two decimal places, the gross profit margin for 2020. You are advised to show your working.

(2)

.....%

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(f) Explain **one** reason why businesses want to use resources effectively in manufacturing.

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(g) Analyse the benefits to *IKEA* of all its stores being franchises.

(Total for Question 1 = 20 marks)

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2 One of *IKEA*'s aims is to keep up to date with the changes taking place in product design and meeting customers' needs. To do this it has to introduce new and differen products on a regular basis.

(a) State **one** reason why *IKEA* would employ temporary staff.

(1)

(b) State **one** financial objective *IKEA* might have.

(1)

(c) Explain **one** reason why cash flow forecasting is important to a business.

(3)

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(d) Explain **one** reason why diseconomies of scale may occur.

(e) Explain **one** reason why businesses continually design new products.

(3)

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IKEA constantly aims to improve the way it promotes its furniture. To do this *IKEA* is considering using the following techniques.

Option 1: above the line promotion

Option 2: below the line promotion.

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

(9)

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(Total for Question 2 = 20 marks)

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3 *IKEA* aims to retain as many of its employees as possible.

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

(1)

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(b) Outline **one** reason why *IKEA* would read reports issued by governments.

(2)

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IKEA is keen to reward long-serving employees. An employee who has worked with *IKEA* for 10 years is given a bonus of 7.5% on top of their annual earnings of 177 070 SEK.

(c) Calculate, to two decimal places, the bonus this employee would receive. You are advised to show your working.

(2)

.....SEK

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(d) Analyse why *IKEA* shortlists candidates for positions in its factories.

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To motivate employees working in its factories, *IKEA* is considering two motivation methods.

Option 1: bonus

Option 2: job enrichment.

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

(9)

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(Total for Question 3 = 20 marks)

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4 *IKEA* continually reviews the products it makes to meet the demands of its custom Changing the design of bedroom furniture to meet the needs of a couple setting up home or of parents refurnishing their children's bedroom.

Figure 3 shows the value of *IKEA*'s inventory for 2019 and 2020.

Year	Inventory € (billions)
2019	4.3
2020	3.7

Figure 3

(a) Calculate, to two decimal places, the percentage decrease in inventories from 2019 to 2020. You are advised to show your working.

(2)

.....%

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(b) Analyse why *IKEA* uses statements of comprehensive income to assess its business performance.

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IKEA prides itself on knowing the tastes and demands of its customers. This means it can provide the best experience possible when customers are shopping. It offers inspirational home furnishing tutorials and workshops to help customers create the perfect home.

(c) Evaluate the importance to *IKEA* of using demographic segmentation when targeting its customers. 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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Sources:

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