

Please check the examination details below before entering your candidate information

Candidate surname		Other names	
Pearson Edexcel International GCSE		Centre Number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Candidate Number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Friday 24 May 2019			
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 <input type="text"/>

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.*
- A calculator 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 STUDIES

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 ☐. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☐.

- 1 *Tata Motor Company* began trading in 1868, and is now part of a large group of companies that is estimated to be worth \$100 billion. *Tata Motor Company* manufactures a wide range of cars, buses and trucks. It is India's largest maker of vehicles with manufacturing centres in many countries including Korea, Italy and the UK.

One of the main aims of *Tata Motor Company* is to produce goods that the public want and need. It is currently working on electric cars that are more environmentally friendly. *Tata Motor Company* plays an active role in community development such as building schools, houses and investing in the health and welfare of local people.

(Source adapted from: <https://www.tatamotors.com/about-us/>)

- (a) (i) Which **one** of the following is an external source of finance?

(1)

- ☐ A Retained profit
- ☐ B Selling assets
- ☐ C Sales revenue
- ☐ D Share capital

- (ii) Which **one** of the following forms of discrimination is covered by legislation?

(1)

- ☐ A Ability
- ☐ B Age
- ☐ C Ethical
- ☐ D Political

- (iii) Which **one** of the following could be used to gather data for a business?

(1)

- ☐ A Market research
- ☐ B Market orientation
- ☐ C Market segmentation
- ☐ D Market place

(iv) In a break-even graph, the break-even point is when:

(1)

- ☐ **A** total costs and fixed costs are the same
- ☐ **B** fixed costs and variable costs are the same
- ☐ **C** total costs and revenue are the same
- ☐ **D** fixed costs and revenue are the same

Figure 1 gives details of one of the many suppliers of tyres to *Tata Motor Company*.

Production each month	2,400
Average price per tyre	€27
Variable costs per tyre	€12
Fixed costs per month	€6 000

Figure 1

(v) What are the monthly total costs for the business?

(1)

- ☐ **A** €8 412
- ☐ **B** €34 800
- ☐ **C** €74 400
- ☐ **D** €204 000

A customer in Germany wishes to buy a Tata Nano car from India. The cost of this vehicle is 465 000 Indian Rupees (RS). The exchange rate is €1.00 = RS78

(vi) What would the German customer pay to the nearest euro for the car?

(1)

- ☐ **A** €3 621
- ☐ **B** €4 650
- ☐ **C** €5 962
- ☐ **D** €36 270

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

(1)

(c) Define the term **product life cycle**.

(1)

(d) State **one** reason why a *Tata Motor Company* employee could be dismissed.

(1)

In December 2016 the global vehicle sales for *Tata Motor Company* were 89,841.

In December 2017 the global vehicle sales figure was 23% higher.

(e) Calculate the global vehicle sales for *Tata Motor Company* in December 2017. You are advised to show your working.

(2)

(f) Explain **one** impact of technology on the manufacture of vehicles.

(3)

(g) Analyse the importance of good public relations for *Tata Motor Company*.

(6)

(Total for Question 1 = 20 marks)

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2 *Tata Motor Company* has employees across the world. It prides itself on looking after all its employees and ensuring that their needs are met.

(a) State **one** non-financial objective for *Tata Motor Company*. (1)

(b) State **one** reason why *Tata Motor Company* would employ casual staff. (1)

(c) Explain **one** reason why a business uses fringe benefits. (3)

(d) Explain **one** reason why a business would use job production. (3)

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(e) Explain **one** benefit to a business of having a short chain of command.

(3)

Tata Motor Company uses different pricing strategies. It is considering **two** options for the launch of a new vehicle:

Option 1: cost plus

Option 2: promotional.

(f) Justify which **one** of these two options *Tata Motor Company* should use.

(9)

(Total for Question 2 = 20 marks)

- 3 The Chairman of *Tata Motor Company* works closely with the Finance Department to ensure that the company maintains its financial position. **Figure 2** shows the revenue for *Tata Motor Company*, 2011–2017.

Year	US\$ (millions)
2011	18 441
2013	28 508
2015	39 737
2017	42 839

Figure 2

- (a) Define the term **revenue**. (1)
- (b) Outline **one** reason why *Tata Motor Company* uses overdrafts. (2)
- (c) Calculate to 2 decimal places, the percentage increase in revenue from 2011 to 2017. You are advised to show your working. (2)

(d) Analyse how *Tata Motor Company* could use the financial information in **Figure 2**.

(6)

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Tata Motor Company gathers data to help it promote its vehicles. It is considering **two** options:

Option 1: primary research

Option 2: secondary research.

(e) Justify which **one** of these two options *Tata Motor Company* should use.

(9)

(Total for Question 3 = 20 marks)

- 4 *Tata Motor Company* employs over 60,000 employees around the world. In 2017 the turnover was \$42 billion, with 9 million car sales. *Tata Motor Company* has 6,000 car showrooms around the world.

- (a) Calculate the average number of vehicles sold in each car showroom.
You are advised to show your workings.

(2)

- (b) Analyse why *Tata Motor Company* ensures that its staff have a detailed induction programme.

(6)

Tata Motor Company is always looking to find the right location for its new factories.

- (c) Evaluate the factors *Tata Motor Company* would have to take into account when making decisions about where to locate new factories. 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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