

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 4BS1/02R	
Business Paper 2: Investigating large businesses			
Calculators may be used.			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.*

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

Yellow, a clothing retailer, is part of *BEXIMCO Textiles Limited*. *Yellow* opened in 2004 and now has 15 stores across Bangladesh and Pakistan, with new stores opening in Dubai and Toronto. *Yellow* clothes are mainly manufactured in Bangladesh. Some are bought from manufacturers in other countries. *Yellow* expects its suppliers and manufacturers to provide fair wages and safe working conditions. It requires every manufacturer to commit to meeting recognised health and safety standards, be ethical and environmentally sustainable. It encourages all of its manufacturers to use Kaizen.

1 (a) (i) Which sector does a clothing retailer operate in?

(1)

- ☐ **A** Primary
- ☐ **B** Secondary
- ☐ **C** Tertiary
- ☐ **D** Quaternary

(ii) Which **one** of the following is an example of a fixed cost?

(1)

- ☐ **A** Rent
- ☐ **B** Overdraft charges
- ☐ **C** Raw materials
- ☐ **D** Commission

Yellow's store in Dubai ordered 2,000 T-shirts at a cost of 6 000 Rupees each. Currently the exchange rate is 1 Rupee = 0.032 Dirham (AED).

(iii) What would the *Yellow* store in Dubai pay in Dirhams for the 2,000 T-shirts?

(1)

- ☐ **A** 62 500
- ☐ **B** 187 500
- ☐ **C** 375 000
- ☐ **D** 12 000 000

Six months later, *Yellow* placed a repeat order for the same number of T-shirts at the same price. The exchange rate now is 1 Rupee = 0.042 AED.

(iv) What would be an effect on *Yellow* of the change in the exchange rate? (1)

- ☐ **A** Lower profit
- ☐ **B** Higher variable costs
- ☐ **C** Cash flow deteriorates
- ☐ **D** Could charge lower prices

(v) Which **one** of the following is a long-term source of finance? (1)

- ☐ **A** Sales revenue
- ☐ **B** Reinvested profit
- ☐ **C** Trade credit
- ☐ **D** Bank overdraft

Figure 1 shows financial information in Rupees for 2015 to 2016.

Year ending	2016	2015
Revenue	13 399 000	12 880 000

Figure 1

(vi) What is the percentage increase in revenue from 2015 to 2016? (1)

- ☐ **A** 4.03%
- ☐ **B** 5.19%
- ☐ **C** 6.44%
- ☐ **D** 8.69%

(b) Define the term **crowdfunding**. (1)

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

(1)

(d) State **one** diseconomy of scale that could affect *Yellow*.

(1)

Yellow could use the cost plus method of pricing for the clothes it sells.

(e) Calculate the selling price of a T-shirt that costs *Yellow* 252 (AED) if the mark-up was 17%. You are advised to show your working.

(2)

(f) Explain **one** advantage for a business of having loyal customers.

(3)

(g) Analyse why *Yellow* might encourage its clothing manufacturers to use Kaizen.

(6)

(Total for Question 1 = 20 marks)

2 *Yellow* has introduced a new product, 'Design Your Own Shirt'. Customers can choose the colour, sleeve length and number of pockets.

(a) State **one** benefit to *Yellow* of introducing this product. (1)

(b) State **one** way *Yellow* could carry out market research. (1)

(c) Explain **one** benefit to a business of retaining its employees. (3)

(d) Explain **one** advantage for a business of using targeted advertising online. (3)

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(e) Explain **one** reason why cash flow forecasts are important for a business.

(3)

Yellow needs to recruit more sales assistants for its stores. It is considering **two** options:

Option 1: employ only full-time staff

Option 2: employ only part-time staff.

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

(9)

(Total for Question 2 = 20 marks)

3 *BEXIMCO*, the owner of *Yellow*, is a multinational business that operates in many areas, including chemical, engineering and financial services.

(a) Define the term **multinational business**.

(1)

(b) Outline **one** benefit to *BEXIMCO* of owning *Yellow*.

(2)

In 2017 *BEXIMCO* had a total revenue of £147.5 million. *Yellow*'s revenue for the same year was £10.68 million.

(c) Calculate, to 2 decimal places, the percentage of revenue that *Yellow* contributed to *BEXIMCO*'s total revenue.

(2)

Yellow prides itself on offering clothing at prices that all people can afford.

(d) Analyse why *Yellow* sells to all demographics.

(6)

Yellow is considering using non-financial rewards to help retain its employees.

It is considering **two** options:

Option 1: job enrichment

Option 2: job rotation.

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

(9)

(Total for Question 3 = 20 marks)

- 4 A *Yellow* T-shirt costs 11.05 Bangladeshi Taka (BDT) to manufacture. *Yellow* then sells them for 13.75 BDT.

(a) Calculate the gross profit for *Yellow* if it sold 14,000 T-shirts. You are advised to show your working.

(2)

Many customers of *Yellow* use social media.

(b) Analyse the disadvantage for *Yellow* of customers using social media.

(6)

Yellow prides itself on using the following principles:

- sells a wide range of fashionable clothing
 - limited advertising
 - clothes are sold to a wide demographic
 - clothes from suppliers are ready to go straight onto store shelves.
- (c) Evaluate how *Yellow* may have gained a competitive advantage in the clothing market. 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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