

Write your name here

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Other names

Pearson
Edexcel GCE

Centre Number

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Candidate Number

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Business Studies

Advanced Subsidiary

Unit 2A: Managing the Business

Thursday 4 June 2015 – Morning

Time: 1 hour 15 minutes

Paper Reference

6BS02/01

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 in Section A and Section B.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- You may use a calculator.

Information

- The total mark for this paper is 70.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (*) are ones where the quality of your written communication will be assessed
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*

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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SECTION A

Answer ALL the questions in this section.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may annotate and include diagrams in your answers.

- 1** (a) Robert Cairns, an operator of river cruises, has to raise £70 000 to meet working capital needs.

One way of financing this is to

(1)

- A** arrange an overdraft
- B** increase customer credit terms
- C** increase stock levels
- D** pay back existing loans

Answer

- (b) Explain your answer.

(3)

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(Total for Question 1 = 4 marks)



Read the following information and then answer Question 2.

B & A Scaffolding rented out crash barriers for the London 2012 Olympics. When the Olympics ended B & A Scaffolding analysed its performance.

	Actual	Budget	Variance
Hire Revenue	£10.7m	£10m	£0.7m
Total Costs	£9.5m	£9m	£0.5m
Profit	£1.2m	£1m	£0.2m

2 (a) Its favourable profit variance was **most likely** due to (1)

- A other crash barrier suppliers reducing their prices
- B fewer people attending than predicted
- C a greater value of orders than predicted
- D lower costs than predicted

Answer

(b) Explain your answer. (3)

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(Total for Question 2 = 4 marks)



4 (a) Barclays Bank pays bonuses to some of its employees to reduce labour turnover.

A bonus is

(1)

- A an example of job enrichment
- B an addition to salary in recognition of work done
- C one of Herzberg's motivators
- D always based on the number of units produced

Answer

(b) Explain your answer.

(3)

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(Total for Question 4 = 4 marks)



6 (a) Sam Carroll owns a hotel in Keswick, Cumbria. After a profitable 2011 he started to add more rooms to the hotel. Revenue for 2012 fell and the bank withdrew his overdraft facility.

The **most likely** reason for the bank's action would be that the hotel's (1)

- A suppliers improved their credit terms
- B profit for 2012 had been underestimated
- C actual costs were below budget
- D bank statements showed negative cash flow

Answer

(b) Explain your answer. (3)

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(Total for Question 6 = 4 marks)

TOTAL FOR SECTION A = 24 MARKS



SECTION B

Answer ALL the questions in this section.

You are advised to spend 45 minutes on this section.

Evidence A

Up to 40% of high street shops 'could close over the next five years'.

In a report by Deloitte, 40% of shops in the UK will close by 2017 as consumers increasingly reject traditional shops in favour of online shopping. Analysts state that the majority of UK retailers, such as Halfords and Argos, will have to close 30–40% of their shops to remain competitive. Electrical retailer Dixons is already reducing the number of its shops from 650 to 450.

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Causes of high street decline include increasing shop rents, a movement away from music and film retailing to downloads and, most importantly, an increase in all online sales. Some retailers employ more technology: Burberry uses big screen previews in-store, and provide iPads for customer use. Ocado and Tesco have developed apps allowing customers to order groceries on the move. Department stores such as Debenhams offer 'click and collect' where shoppers order online and pick up from the shop of their choice.

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E-retailing now accounts for 17% of total UK retail sales and is likely to increase. Marks & Spencer's 2012 first quarter results showed general merchandise sales, 90% of which is clothing, falling by 6.8% after being left behind by online competitors.

The biggest winner has been the online clothing retailer ASOS. For young fashion-conscious consumers ASOS is the online destination. It has 65,000 products listed for sale, the range changing rapidly in response to customer demand. It sells own label, the River Island brand and designer products from Stella McCartney and Paul Smith.

15

The ASOS head office is in Camden, London where most of its teams are based. Customer care is located in Hemel Hempstead and its large warehouse is in Barnsley.

20

However, buying online fails to provide the 'theatre' that retail shops do; the tangible nature of goods and social aspects of shopping lend themselves to the high street. Combined with quick service restaurants these create a more social high street, creating a richer purchasing experience.

The UK Government commissioned retail expert Mary Portas to review UK high streets, where vacant town centre shops reached 14.8% in June 2012. Her recommendations included: operating town centres like businesses, with team managers; encouraging large retailers to support the high street; reducing business rates and providing cheap car parking.

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(Sources adapted from: <http://www.guardian.co.uk/business/2012/mar20/high-street-shops-close-deloitte>
<http://www.bridgethorne.com/category-marketing-blog/will-online-retailin-kill-the-high-street/>
<http://internetretailing.net/2012/01/uk-shoppers-spent-16-more-in-2011-imrg/>
<http://www.guardian.co.uk/business/2012/jul/15/m-and-s-celebrity-online?INTCMP=SRCH>
<http://internetretailing.net/2011/12/high-streets-should-be-social-hub-in-the-face-of-online-growth-portas>)



7 Explain **one** likely reason why online retailers such as ASOS have lower labour costs than traditional shops.

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(Total for Question 7 = 4 marks)



8 Explain **one** likely reason, other than high labour costs, why it is claimed that '40% of shops in the UK will close by 2017' (Evidence A, line 1).

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(Total for Question 8 = 4 marks)



11 Evaluate the use of Just in Time management of stock for ASOS.

A series of horizontal dotted lines for writing the answer to Question 11.

(Total for Question 11 = 8 marks)



***12** Evaluate how major retailers, such as Marks and Spencer, could use:

(a) Pricing to increase online sales

(7)

A series of horizontal dotted lines for writing the answer.



(b) Promotion to create a 'richer purchasing experience' (line 24)

(7)

Area with horizontal dotted lines for writing.

(Total for Question 12 = 14 marks)

**TOTAL FOR SECTION B = 46 MARKS
TOTAL FOR PAPER = 70 MARKS**



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