

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

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Pearson Edexcel Level 3 GCE

Time 1 hour 30 minutes

Paper
reference

8BS0/02

Business

Advanced Subsidiary

PAPER 2: Managing Business Activities

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.*
- You may use a calculator.

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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Q:1/1/1/



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Answer ALL questions.

SECTION A

Read the following Extracts (A and B) before answering Question 1.

Write your answers in the spaces provided.

Extract A

Nexba launches in the UK

Nexba is an Australian soft drinks company founded by Drew Bilbe and his brother-in-law, Troy Douglas. The brand is named after the Mexican beach where Drew first had the idea of creating sugar-free drinks made from natural ingredients. Due to the popularity of its drinks, Nexba has become a global success story.

5

In 2010, Nexba raised £250 000 using crowd funding. This allowed the company to purchase its first canning factory. It produces three different flavours using batch production. The drinks were so popular in Australia that this canning factory was operating at 98% of its capacity. In 2013, Nexba changed its manufacturing process to flow production.

10

Larger multinational rivals, Coca-Cola and PepsiCo, have responded to the growth of Nexba by launching healthier brands of soft drinks, such as Fuze Tea and Driftwell. After launching the brand in the UK in 2018, Nexba's global sales revenue now exceeds £6 million.

(Source: adapted from <https://www.theguardian.com/brother-at-your-side/2019/feb/26/my-brother-and-i-declaring-a-war-on-sugar-has-proved-a-sweet-success-for-the-brothers-in-law-behind-nexba-drinks>)

Extract B

Selected information from Nexba's budget, November 2020

	Raspberry 330 ml cans (£)
Budgeted sales revenue	125 250
Actual sales revenue	137 320
Budgeted total costs	44 690
Actual total costs	48 950



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1 (a) What is meant by crowd funding?

(2)

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(b) What is meant by sales revenue?

(2)

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In 2010, Nexba's canning factory had a maximum capacity of 42,500 cans per week.

- (c) Using the data in Extract A, calculate the total number of cans produced per week. You are advised to show your working.

(4)

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(d) Using the data in Extract B, calculate the total variance in profit for Nexba's raspberry drink in November 2020. You are advised to show your working.

(4)

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(e) Assess **two** benefits to Nexba of using flow production.

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(f) Assess the likely impact on Nexba of the soft drinks market becoming more competitive.

(10)

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(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS



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SECTION B

Read the following Extracts (C and D) before answering Question 2.

Write your answers in the spaces provided.

Extract C

Difficult year for Hollywood Bowl plc

Hollywood Bowl plc is the UK's largest ten pin bowling company. In 2020, the company operated 64 entertainment centres across the UK. Each centre offers ten pin bowling, pool, amusement arcades, as well as food and drink options. Its newest venue, in York, also offers mini golf. Hollywood Bowl's business model involves generating a high contribution, which allows each entertainment centre to exceed its break-even point.

5

To improve the efficiency of its operations, Hollywood Bowl has been modernising its bowling alleys. New pin setters have been installed. These replace the pins after each ball has been bowled, which increases the speed of re-setting the pins and reduces maintenance costs. The investment in new pin setters has increased Hollywood Bowl's debt to £8.7 million.

10

In March 2020, the UK Government ordered all entertainment centres to close. Hollywood Bowl's liquidity fell. The Bank of England reduced UK interest rates from 0.25% to 0.1%, a record low.

(Source: adapted from <https://www.qubicaamf.com/bowling-products/center-equipment/pinspotters/edge-string> and <https://www.hollywoodbowlgroup.com/investors/reports-presentations>)

Extract D

Selected information from Hollywood Bowl plc's Statement of Comprehensive Income (2020)

	£000s
Sales revenue	79 473
Cost of sales	(11 543)
Other operating expenses	(58 069)
Profit for the year (net profit)	1 196

(Source: adapted from <https://www.hollywoodbowlgroup.com/investors/reports-presentations>)

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2 (a) What is meant by contribution?

(2)

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(b) What is meant by liquidity?

(2)

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(c) Using the data in Extract D, calculate the interest paid by Hollywood Bowl plc in 2020. You are advised to show your working.

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(d) Explain how an improvement in productivity may benefit Hollywood Bowl plc.

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(e) Assess **two** likely benefits to Hollywood Bowl plc from a reduction in UK interest rates.

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(f) Assess the usefulness of break-even analysis to Hollywood Bowl plc.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS



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SECTION C

Read Extract E before answering Question 3.

Write your answer in the space provided.

Extract E

Tony's Chokolonely launches in the UK

Tony's Chokolonely is a chocolate company started in The Netherlands in 2006 by three TV journalists. By 2019, it had achieved a higher market share than the 'Big 3' chocolate companies of Mondélez (which owns Cadbury's), Nestlé and Mars. In the same year, Tony's Chokolonely was launched in the UK.

5

Tony's Chokolonely was started after an investigation into the use of child labour in cocoa growing countries, such as Ghana and the Ivory Coast. The company aims to pay a high price to farmers for cocoa beans, one of the main ingredients used to make chocolate. The high price for cocoa beans allows farmers to invest in new farm machinery and no longer employ children.

10

In the UK, Tony's Chokolonely uses retailers to distribute its chocolate. It can be purchased at Sainsbury's, Waitrose and a number of small independent shops. In 2021, a 180 g bar of Tony's Chokolonely was priced at £3.50, 75% higher than an equivalent Cadbury's bar.

(Source: adapted from <https://www.telegraph.co.uk/business/2019/01/22/rise-guilt-free-chocolate-industry-giants-urged-tackle-unsavoury/> and <https://tonyschokolonely.com/uk/en>)

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To increase its operating profit in the UK, Tony's Choclonely could either increase the number of distribution channels it uses or move to a competitive pricing strategy.

- 3 Evaluate these **two** options and recommend which **one** Tony's Choclonely should use to increase its operating profit.

(20)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS



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