

Paper Reference 8BS0/02  
Pearson Edexcel  
Level 3 GCE

Total Marks
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**Business**  
**Advanced Subsidiary**  
**Paper 2: Managing business activities**

Friday 25 May 2018 – Afternoon

Time: 1 hour 30 minutes plus your additional time allowance.

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

**You do not need any other materials.**

**YOU WILL BE GIVEN**

**Data Book**

**INSTRUCTIONS**

**Answer ALL questions.**

**Answer the questions in the spaces provided in this Question Paper or in the Data Book – 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.**

**Turn over**

**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.**

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**Answer ALL questions.**

**SECTION A**

**Read Extract A and Extract B in the Data Book before answering Question 1.**

**Write your answers in the spaces provided.**

1. (a) What is meant by efficiency?  
(2 marks)

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(continued on the next page)

1. continued.

(b) What is meant by capacity utilisation?

(2 marks)

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(continued on the next page)

**1. continued.**

**(c) Using the data in Extract B, calculate the percentage increase in the world sugar price from September 2015 to March 2016**

**You are advised to show your working.**

**(4 marks)**

**Answer lines continue on the next page.**

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**Turn over**

1. (c) continued.

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**1. continued.**

**Refer to Figure 1 for Question 1 in the Data Book.  
JE Wilson & Sons Ltd produced a break–even chart  
to show the profitability of the Kendal Mint Cake  
production line in its new factory.**

**This is shown in Figure 1 in the Data Book.**

**(d) Using Figure 1, calculate the contribution per  
box of Kendal Mint Cake.**

**You are advised to show your working.**

**(4 marks)**

**Answer lines continue on the next page.**

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**Turn over**

1. (d) continued.

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**1. continued.**

**(e) Assess TWO likely limitations to JE Wilson & Sons Ltd of using break-even analysis as a planning tool.**

**(8 marks)**

**Answer lines continue on the next two pages.**

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**Turn over**

**1. (e) continued.**

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**1. (e) continued.**

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**Turn over**

**1. continued.**

**(f) Assess the extent to which rising costs of raw materials may have led to the failure of JE Wilson & Sons Ltd.**

**(10 marks)**

**Answer lines continue on the next four pages.**

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**Turn over**

**1. (f) continued.**

[illegible]

**Turn over**

**1. (f) continued.**

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**1. (f) continued.**

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1. (f) continued.

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(Total for Question 1 = 30 marks)

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**TOTAL FOR SECTION A = 30 MARKS**

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Turn over

## **SECTION B**

**Read Extract C and Extract D in the Data Book before answering Question 2.**

**Write your answers in the spaces provided.**

2. (a) What is meant by capital intensive?  
(2 marks)

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**2. continued.**

**(b) Give TWO examples of current assets.**

**(2 marks)**

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**Turn over**

**2. continued.**

**(c) Using the data in Extract D, calculate, to 2 decimal places, the acid test ratio for Willie's Cacao Ltd in 2016**

**You are advised to show your working.**

**(4 marks)**

**Answer lines continue on the next page.**

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**2. (c) continued.**

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**Turn over**

**2. continued.**

**Willie's Cacao Ltd is a private limited company.**

**(d) Explain how limited liability might affect Willie's Cacao Ltd.**

**(4 marks)**

**Answer lines continue on the next page.**

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**2. (d) continued.**

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## 2. continued.

**In August 2016, the Bank of England cut the UK base rate of interest from 0·5% to 0·25%**

**(e) Assess TWO likely benefits of this fall in UK interest rates on Willie's Cacao Ltd.**

**(8 marks)**

**Answer lines continue on the next three pages.**

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**2. (e) continued.**

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**2. (e) continued.**

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**2. (e) continued.**

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## 2. continued.

**(f) Assess the extent to which lean production methods may allow Willie's Cacao Ltd to gain a competitive advantage.**

**(10 marks)**

**Answer lines continue on the next four pages.**

[illegible]

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**2. (f) continued.**

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**2. (f) continued.**

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**2. (f) continued.**

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2. (f) continued.

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(Total for Question 2 = 30 marks)

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**TOTAL FOR SECTION B = 30 MARKS**

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Turn over

## **SECTION C**

**Read Extract E in the Data Book before answering Question 3.**

**Write your answer in the space provided.**

In order to increase its profits, AO.com could either sell a wider range of products through the internet or improve its branding.

3. Evaluate these TWO options and recommend which option AO.com should use to increase its profits.

(20 marks)

Answer lines continue on the next six pages.

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**3. continued.**

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### 3. continued.

[illegible]

**Turn over**

### 3. continued.

[illegible]

**Turn over**



### 3. continued.

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**3. continued.**

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**(Total for Question 3 = 20 marks)**

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**TOTAL FOR SECTION C = 20 MARKS**

**TOTAL FOR PAPER = 80 MARKS**

**END OF PAPER**

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