

Paper Reference 1BS0/02  
Pearson Edexcel  
Level 1/Level 2 GCSE (9–1)

Total Marks
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**Business**  
**PAPER 2: Building a business**

**Time: 1 hour 30 minutes**

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

<b>Surname</b>					
<b>Other names</b>					
<b>Centre Number</b>					
<b>Candidate Number</b>					

**YOU MUST HAVE**

**Nil**

**YOU WILL BE GIVEN**

**Data Booklet**

**INSTRUCTIONS**

**Answer ALL questions.**

**Answer the questions in the spaces provided in this Question Paper – there may be more space than you need.**

**Calculators may be used.**

**You are advised to show all your working out with your answer clearly identified at the end of your solution.**

**INFORMATION**

**The total mark for this paper is 90.**

**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.**

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**SECTION A**

**Answer ALL questions. Write your answers in the spaces provided.**

**Some questions are multiple choice. Write the letter(s) of your chosen answer(s) in the box(es) provided.**

1. (a) Look at the diagram for Question 1(a) in the Data Booklet.

Which ONE of the following is the minimum level of stock held by the business in the bar gate stock graph shown in the diagram in the Data Booklet?

Select ONE answer.

A 200 units

B 300 units

C 600 units

D 800 units

Answer

(1 mark)

(continued on the next page)

1. continued.

(b) Which ONE of the following is a barrier to effective communication?

Select ONE answer.

**A** New information

**B** New machinery

**C** Jargon

**D** Job description

Answer

(1 mark)

(continued on the next page)

**1. continued.**

**(c) Explain ONE benefit to a business of allowing its employees to work flexible hours.**

**(3 marks)**

[illegible]

**(continued on the next page)**

**Turn over**

**1. continued.**

**(d) Explain ONE disadvantage to a business of using a just in time (JIT) system of stock control.**

**(3 marks)**

[illegible]

**(Total for Question 1 = 8 marks)**

**Turn over**



2. (a) Which TWO of the following are stages of the product life cycle?

Select TWO answers.

A Birth

B Cancellation

C Decline

D Growth

E Marketing

Answers

(2 marks)

(continued on the next page)

2. continued.

(b) Which TWO of the following are elements of the design mix?

Select TWO answers.

**A** Cost

**B** Function

**C** Materials

**D** Price

**E** Quality

Answers

(2 marks)

(continued on the next page)

**2. continued.**

**Look at the table for Question 2(c) in the Data Booklet. It contains information about a new piece of machinery that a business wants to purchase.**

**(c) Using the information in the table, calculate the average rate of return.**

**(2 marks)**

\_\_\_\_\_ %

**(continued on the next page)**

**Turn over**

**2. continued.**

**(d) Explain ONE advantage to a business of having motivated employees.**

**(3 marks)**

[illegible]

**(continued on the next page)**

**Turn over**

**2. continued.**

**(e) Explain ONE impact on a business if tariffs are placed on its exports.**

**(3 marks)**

[illegible]

**(Total for Question 2 = 12 marks)**

**Turn over**

3. (a) Which ONE of the following is a stage in the sales process?

Select ONE answer.

- A Advertising
- B Customer engagement
- C Product quality
- D Use of different payment systems

Answer

(1 mark)

(continued on the next page)

**3. continued.**

**Look at the diagram for Question 3(b) in the Data Booklet. It shows a business' sales revenue from each of its four locations in South Yorkshire in 2020.**

**(b) Using the information in the diagram, calculate the average sales revenue for this business in 2020. You are advised to show your workings. (2 marks)**

**£ \_\_\_\_\_**

**(continued on the next page)**

**Turn over**

**3. continued.**

**(c) Explain ONE method that a business could use to reduce its environmental impact.**

**(3 marks)**

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**Turn over**



**3. continued.**

**(d) Explain ONE method that a business could use to extend the life cycle of one of its products.**

**(3 marks)**

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**3. continued.**

**(e) Discuss the impact on a company of using retained profit as a source of finance for expansion.**

**(6 marks)**

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

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**3. (e) continued.**

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**(Total for Question 3 = 15 marks)**

**TOTAL FOR SECTION A = 35 MARKS**

**Turn over**

**SECTION B**

**Answer ALL questions.**

**Read the extract for Section B in the Data Booklet before answering Questions 4, 5 and 6.**

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

4. (a) Outline ONE drawback to **Greggs** of using batch production in its factories.

(2 marks)

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4. continued.

(b) Analyse the impact on **Greggs** from increasing the use of technology in its factories.

(6 marks)

Answer lines continue on the next page.

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**4. (b) continued.**

[illegible]

**(Total for Question 4 = 8 marks)**

**Turn over**

5. Look at the table for Question 5(a) and 5(b) in the Data Booklet. It contains information about **Greggs'** financial performance in **2018**.

- (a) Using the information in the table, calculate **Greggs'** gross profit.

(2 marks)

£ \_\_\_\_\_

(continued on the next page)



5. continued.

- (b) Using the information in the table, calculate to 2 decimal places, **Greggs'** net profit margin.  
(2 marks)

\_\_\_\_\_ %

(continued on the next page)

**5. continued.**

**(c) Analyse the impact on Greggs from improving its logistics.**

**(6 marks)**

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

[illegible]

**5. (c) continued.**

[illegible]

**(Total for Question 5 = 10 marks)**

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6. (a) State ONE good that **Greggs** produces in its factories.

(1 mark)

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6. continued.

(b) Outline ONE benefit to **Greggs** of being a public limited company (plc).

(2 marks)

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6. continued.

In order to continue the growth in its sales,  
**Greggs** is considering two options:

**Option 1: differentiate its product range**

**Option 2: lower its prices.**

(c) Justify which **ONE** of these two options  
**Greggs** should choose.

(9 marks)

Answer lines continue on the next two pages.

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**6. (c) continued.**

[illegible]

**Turn over**

**6. (c) continued.**

[illegible]

**(Total for Question 6 = 12 marks)**

**TOTAL FOR SECTION B = 30 MARKS**

**Turn over**



## **SECTION C**

**Answer ALL questions.**

**Read the extract for Section C in the Data Booklet carefully and then answer Question 7.**

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

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

(1 mark)

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(continued on the next page)

**7. continued.**

**Look at the diagram for Question 7(b) in the Data Booklet. It shows the percentage of customers the website [www.jdsports.co.uk](http://www.jdsports.co.uk) has had from various social media websites in 2020.**

**(b) Using the information in the diagram, identify the social media site that generated the smallest percentage of customers for [www.jdsports.co.uk](http://www.jdsports.co.uk).**

**(1 mark)**

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**(continued on the next page)**

7. continued.

(c) Outline ONE benefit to **JD Sports** of having a website.

(2 marks)

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7. continued.

In order to improve its competitive advantage

**JD Sports** is considering two options:

**Option 1:** targeted online advertising

**Option 2:** sponsorship.

(d) Justify which **ONE** of these two options  
**JD Sports** should choose.

(9 marks)

Answer lines continue on the next two pages.

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Turn over

**7. (d) continued.**

[illegible]

**Turn over**

**7. (d) continued.**

[illegible]

**(continued on the next page)**

**Turn over**

**7. continued.**

**(e) Evaluate whether the takeover of Footasylum will allow JD Sports to increase its profit.**

**You should use the information provided as well as your knowledge of business.**

**(12 marks)**

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

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**7. (e) continued.**

[illegible]

**Turn over**

**7. (e) continued.**

[illegible]

**Turn over**

**7. (e) continued.**

[illegible]

**Turn over**

7. (e) continued.

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(Total for Question 7 = 25 marks)

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**TOTAL FOR SECTION C = 25 MARKS**

**TOTAL FOR PAPER = 90 MARKS**

**END OF PAPER**

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