

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

<b>Total Marks</b>
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# **Business**

## **PAPER 2: Building a business**

**Monday 12 June 2023 – Afternoon**

**Time: 1 hour 45 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**

**Source Booklet**

**Data Booklet**

**INSTRUCTIONS**

**There are THREE sections in this paper.**

**Answer ALL 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 this Question Paper.**

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

1. Look at the diagram for Question 1 in the Data Booklet. It shows a diagram of the product life cycle.

(a) What is Phase 4 called?

Select ONE answer.

- A Decline
- B Growth
- C Introduction
- D Maturity

Answer

(1 mark)

(continued on the next page)

1. continued.

(b) Which ONE of the following is an element of the design mix?

Select ONE answer.

**A** Function

**B** Price

**C** Productivity

**D** Profit

Answer

(1 mark)

(continued on the next page)

**1. continued.**

**(c) Explain ONE reason why a business might use performance reviews with its employees.**

**(3 marks)**

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**Turn over**

**1. continued.**

**(d) Explain ONE impact on a business of using flow production.**

**(3 marks)**

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



2. (a) Which TWO of the following are documents produced by a business at the start of the recruitment process?

Select TWO answers.

- A Application form
- B Curriculum vitae (CV)
- C Job autonomy
- D Letter of application
- E Person specification

Answers

(2 marks)

(continued on the next page)

2. continued.

(b) Which TWO of the following are services?

Select TWO answers.

**A** Accountancy

**B** Biscuits

**C** Furniture

**D** Hairdressing

**E** Shoes

Answers

(2 marks)

(continued on the next page)

2. continued.

Table 1 below contains financial information about a business.

**Table 1**

	£
<b>Sales revenue</b>	<b>900 000</b>
<b>Cost of sales</b>	<b>325 000</b>
<b>Other operating expenses and interest</b>	<b>175 000</b>
<b>Net profit</b>	<b>400 000</b>

(c) Using the information in Table 1, calculate to 2 decimal places, the net profit margin.

(2 marks)

Answer space continues on the next page.

2. (c) continued.

\_\_\_\_\_ %

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**2. continued.**

**(d) Explain ONE disadvantage to a business of using loan capital as a source of finance.**

**(3 marks)**

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**2. continued.**

**(e) Explain ONE reason why a business may decide to reduce the size of its workforce.**

**(3 marks)**

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

3. (a) Which ONE of the following is a fringe benefit?

Select ONE answer.

**A** Company car

**B** Job enrichment

**C** Salary

**D** Wages

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 bar gate stock graph which shows the deliveries of raw materials to a business in June 2021. These deliveries are labelled A, B and C.**

**(b) Using the information in the diagram, calculate the total amount of stock that was delivered to the business in June 2021. You are advised to show your workings.**

**(2 marks)**

\_\_\_\_\_ units

**(continued on the next page)**

**Turn over**



**3. continued.**

**(c) Explain ONE disadvantage to a business of having a poor relationship with its suppliers.**

**(3 marks)**

[illegible]

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**Turn over**

**3. continued.**

**(d) Explain ONE impact on a business of introducing job rotation.**

**(3 marks)**

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**3. continued.**

**(e) Discuss the impact on a business from new tariffs being introduced by countries it exports to.**

**(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. Write your answers in this Question Paper.**

**In the Source Booklet, read Extract A, then answer Questions 4, 5 and 6.**

4. (a) Outline ONE possible method, other than faster delivery, that **Ocado** could use to differentiate its service.

(2 marks)

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**4. continued.**

**(b) Analyse the benefit to Ocado of good customer service.**

**(6 marks)**

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**4. (b) continued.**

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

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5. Table 2 below contains information about the price of an annual supermarket delivery pass in 2020.

**Table 2**

	£
Asda	55
Morrisons	65
Ocado	110
Sainsbury's	60

(continued on the next page)

**5. continued.**

- (a) Using the information in Table 2 on page 25, calculate the average price of an annual supermarket delivery pass.**

**(2 marks)**

**£ \_\_\_\_\_**

**(continued on the next page)**

## 5. continued.

Table 3 below contains information about Ocado's financial performance in 2019.

**Table 3**

	£ million
<b>Cost of sales</b>	<b>1 164·8</b>
<b>Gross profit</b>	<b>591·8</b>
<b>Other operating expenses and interest</b>	<b>916·9</b>
<b>Net profit</b>	<b>(325·1)</b>

(continued on the next page)

5. continued.

(b) Using the information in Table 3 on page 27,  
calculate **Ocado's** sales revenue in **2019**.

You are advised to show your workings.

(2 marks)

£ \_\_\_\_\_ million

(continued on the next page)

**5. continued.**

**(c) Analyse the benefit to Ocado of using new technology in its warehouses.**

**(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 possible influence on the pricing strategy used by Ocado.  
(1 mark)

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6. continued.

(b) Outline ONE drawback to Ocado of using just in time (JIT) stock control.

(2 marks)

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6. continued.

In order to increase its share of the online grocery market, **Ocado** has considered two options:

**OPTION 1: offering a faster delivery service**

**OPTION 2: expanding its product range.**

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

(9 marks)

Answer lines continue on the next two pages.

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**6. (c) continued.**

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**6. (c) continued.**

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

**TOTAL FOR SECTION B = 30 MARKS**

**Turn over**

**SECTION C**

**Answer ALL questions. Write your answers in this Question Paper.**

**In the Source Booklet, look at the diagrams and read Extract B, then answer Question 7.**

7. (a) Give ONE stage of the sales process.  
(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 market share for each company in the virtual reality headset market in 2018 and 2019.**

**(b) Using the diagram, identify the company that left the virtual reality headset market in 2019.**  
**(1 mark)**

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7. continued.

(c) Outline ONE advantage to Facebook of becoming a public limited company (plc).

(2 marks)

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7. continued.

In order to increase its profit, **Facebook** is considering two options:

**OPTION 1: grow internally**

**OPTION 2: grow externally.**

(d) Justify which **ONE** of these two options **Facebook** should choose to increase its profit.

(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.**

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**Turn over**

**7. continued.**

**(e) Evaluate the impact on Facebook of its decision to allow its employees to use remote working from home. 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.**

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**Turn over**

**7. (e) continued.**

[illegible]

**Turn over**

**7. (e) continued.**

[illegible]

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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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## Sources

### Question 5(a)

(Source: adapted from <https://www.lovemoney.com/guides/3444/cheapest-supermarket-online-delivery-deals-asda-tesco-iceland-cost>)

### Question 5(b)

(Source: adapted from <https://www.ocadogroup.com/investors/annual-report-2019>)