

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

Total Marks

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.

Surname					
Other names					
Centre Number					
Candidate Number					

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.

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.

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)

Turn over

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)

Turn over

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)

[illegible]

(Total for Question 1 = 8 marks)

Turn over

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)

Turn over

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)

Turn over

2. continued.

Table 1 below contains financial information about a business.

Table 1

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

(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.

Turn over

2. (c) continued.

_____ %

(continued on the next page)

Turn over

2. continued.

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

(3 marks)

[illegible]

(continued on the next page)

Turn over

2. continued.

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

(3 marks)

[illegible]

(Total for Question 2 = 12 marks)

Turn over

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)

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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.

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)

(continued on the next page)

4. continued.

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

(6 marks)

Answer lines continue on the next page.

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Turn over

4. (b) continued.

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(Total for Question 4 = 8 marks)

Turn over

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)

Turn over

5. continued.

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

Table 3

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

(continued on the next page)

Turn over

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)

Turn over

5. continued.

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

(6 marks)

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Turn over

5. (c) continued.

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(Total for Question 5 = 10 marks)

Turn over

6. (a) State ONE possible influence on the pricing strategy used by Ocado.
(1 mark)

(continued on the next page)

6. continued.

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

(2 marks)

(continued on the next page)

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.

6. (c) continued.

[illegible]

Turn over

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)

(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)

(continued on the next page)

7. continued.

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

(continued on the next page)

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.

Turn over

7. (d) continued.

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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.

7. (e) continued.

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7. (e) continued.

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7. (e) continued.

[illegible]

Turn over

7. (e) continued.

(Total for Question 7 = 25 marks)

TOTAL FOR SECTION C = 25 MARKS

TOTAL FOR PAPER = 90 MARKS

END OF PAPER

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>)