

**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.**

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

**Y71060A**

**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.**

**Turn over**

## **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.**

**Turn over**

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

**(continued on the next page)**

1. continued.

(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)**

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

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**Turn over**



1. (c) continued.

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(continued on the next page)

Turn over

**1. continued.**

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

**(3 marks)**

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

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**Turn over**

1. (d) continued.

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

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**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 from the options on the following page.**

**2. (a) continued.**

**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 from the options on the following page.**

**Turn over**

**2. (b) continued.**

**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**

	<b>£</b>
<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>

**(continued on the next page)**

**Turn over**



**2. continued.**

**(c) Using the information in Table 1 on page 16, 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)**

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

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**Turn over**

**2. (d) continued.**

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**(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)**

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

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**Turn over**

**2. (e) continued.**

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

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**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)

Turn over

**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.**

**(continued on the next page)**

**Turn over**



**3. continued.**

**(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)**

**Answer space continues on the next page.**

**Turn over**

3. (b) continued.

\_\_\_\_\_ 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)**

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

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**Turn over**

**3. (c) continued.**

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**(continued on the next page)**

**Turn over**

**3. continued.**

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

**(3 marks)**

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

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**Turn over**

3. (d) continued.

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(continued on the next page)

Turn over

**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 two pages.**

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**Turn over**

3. (e) continued.

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Turn over



3. (e) continued.

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(Total for Question 3 = 15 marks)

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**TOTAL FOR SECTION A = 35 MARKS**

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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.**

**Turn over**

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

(2 marks)

Answer lines continue on the next page.

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Turn over

4. (a) continued.

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(continued on the next page)

Turn over

**4. continued.**

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

**(6 marks)**

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

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**Turn over**

4. (b) continued.

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Turn over

4. (b) continued.

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

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**Turn over**

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

**Table 2**

	£
<b>Asda</b>	<b>55</b>
<b>Morrisons</b>	<b>65</b>
<b>Ocado</b>	<b>110</b>
<b>Sainsbury's</b>	<b>60</b>

(continued on the next page)

**Turn over**



**5. continued.**

**(a) Using the information in Table 2 on page 40, 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**

	<b>£ million</b>
<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)**

**Turn over**

**5. continued.**

**(b) Using the information in Table 3 on page 42, 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)**

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

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**Turn over**

5. (c) continued.

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Turn over

**5. (c) continued.**

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

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**Turn over**

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

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(continued on the next page)

Turn over

**6. continued.**

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

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

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**Turn over**



**6. (b) continued.**

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**(continued on the next page)**

**Turn over**

**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 are on the next four pages.**

**Turn over**

6. (c) continued.

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Turn over

6. (c) continued.

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Turn over

6. (c) continued.

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Turn over

**6. (c) continued.**

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

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**TOTAL FOR SECTION B = 30 MARKS**

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**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.**

**Turn over**

**7. (a) Give ONE stage of the sales process.**

**(1 mark)**

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**(continued on the next page)**

**Turn over**



**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.**

**(continued on the next page)**

**Turn over**

**7. continued.**

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

**(1 mark)**

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**(continued on the next page)**

**Turn over**

**7. continued.**

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

**(2 marks)**

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

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**Turn over**

7. (c) continued.

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(continued on the next page)

Turn over

**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 are on the next four pages.**

**Turn over**

7. (d) continued.

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Turn over

7. (d) continued.

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Turn over

7. (d) continued.

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Turn over



7. (d) continued.

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(continued on the next page)

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 six pages.**

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**Turn over**

7. (e) continued.

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Turn over

7. (e) continued.

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Turn over

7. (e) continued.

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Turn over

7. (e) continued.

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Turn over

**7. (e) continued.**

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**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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## 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>)