

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

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.**

**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.**

- 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)

**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)**

**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)**



**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.**

**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)**

**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)

**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)**

**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)

Answer lines continue on the next page.

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4. (a) continued.

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(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 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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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**

	£ 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)

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)**

**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)**

**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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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.**

**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.**

**(continued on the next page)**

**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)**

**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)**

**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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7. (d) continued.

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Turn over



7. (d) continued.

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(continued on the next page)

**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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7. (e) continued.

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Turn over

7. (e) continued.

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7. (e) continued.

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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>)