

Write your name here

Surname

Other names

Centre Number

Candidate Number

Pearson Edexcel
Level 1/Level 2 GCSE (9–1)

Business

Paper 2: Building a business

Sample assessment material for first teaching
September 2017

Time: 1 hour 30 minutes

Paper Reference

1BS0/02

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- There are **three** sections in this paper.
- Answer **all** questions in each section.
- Answer the questions in the spaces provided – *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.

Turn over ►

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SECTION A

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

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

1 (a) Which **one** of the following is an element of the marketing mix?

Select **one** answer.

(1)

- A** Perseverance
- B** Profit
- C** Place
- D** Persuasion

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

Select **one** answer.

(1)

- A** Cost
- B** Quality
- C** Promotion
- D** Price

(c) Explain **one** benefit to a business of producing a high-quality product.

(3)

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(d) Explain **one** advantage to a business of providing ongoing training to its employees.

(3)

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(Total for Question 1 = 8 marks)

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- 2 (a) Which **two** of the following documents would be used by a business as part of its recruitment process?

Select **two** answers.

(2)

- A** Person plan
- B** Job specification
- C** Person specification
- D** Job description
- E** Job plan

- (b) Which **two** of the following are advantages to a business of using just in time (JIT) production?

Select **two** answers.

(2)

- A** Improved cash flow
- B** Increased ability to meet an unexpected order
- C** Increased ability to exploit economies of scale
- D** Stock is less likely to become out of date
- E** Improved product range

Table 1 contains information about a business.

Sales revenue	£300 000
Cost of sales	£210 000
Gross profit	£90 000

Table 1

(c) Using the information in Table 1 calculate the gross profit margin. You are advised to show your workings.

(2)

(d) Explain **one** impact of excessive communication within a business.

(3)

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(e) Explain **one** disadvantage to a business of providing poor customer service.

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(Total for Question 2 = 12 marks)

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3 (a) Which **one** of the following is an internal source of finance?

Select **one** answer.

(1)

- A** Share capital
- B** Loan capital
- C** Sales revenue
- D** Selling assets

Figure 1 shows sales volumes for a business during the first three months of 2016.

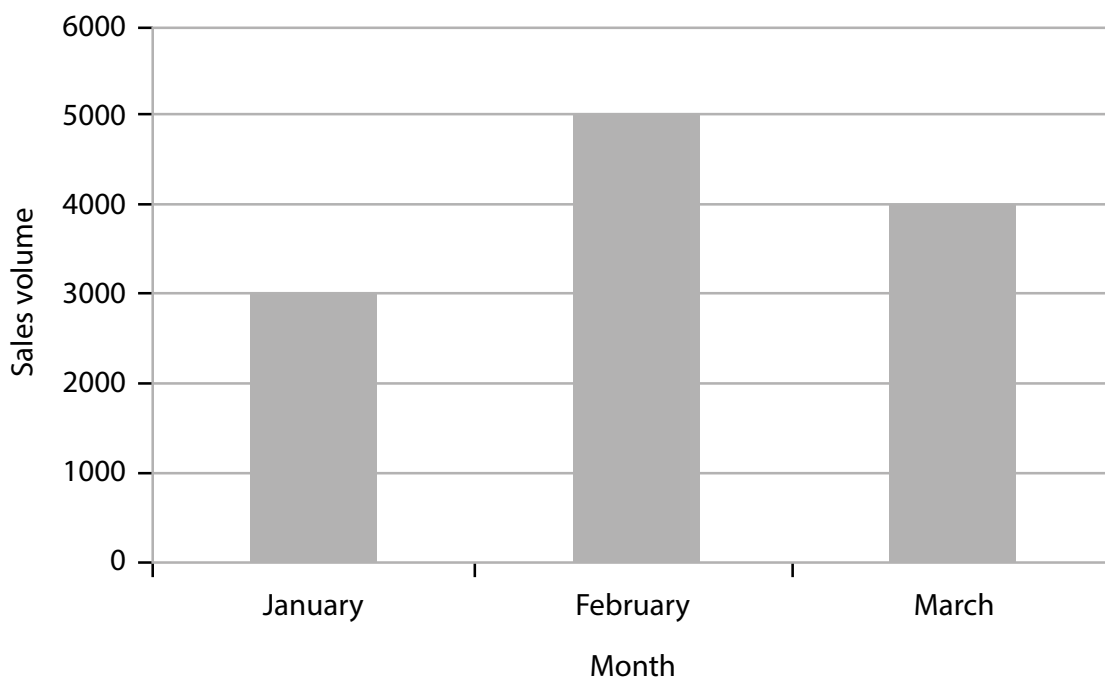


Figure 1

The selling price of the product is £500.

(b) Using the information in Figure 1, calculate the sales revenue of the business for the first three months of 2016. You are advised to show your workings.

(2)

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(c) Explain **one** reason why a business may decide to pay its workers a bonus.

(3)

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(d) Explain **one** drawback to a business of not being able to retain its employees.

(3)

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(e) Discuss the likely benefit to a business of having a decentralised organisational structure.

(6)

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(Total for Question 3 = 15 marks)

TOTAL FOR SECTION A = 35 MARKS

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SECTION B

Answer ALL questions.

Look at Figure 2, read the following extract carefully, then answer Questions 4, 5 and 6.

Write your answers in the spaces provided.

Fender® is an American company which produces musical instruments, such as electric guitars. Its most famous brands of guitars have been used by popular musicians such as Bruno Mars. Fender's most expensive guitars are manufactured using the finest raw materials such as wood from ash trees. These hand-made guitars are seen as some of the finest musical instruments in the world and are unique to each individual musician. As a result of using job production for its guitars, Fender is able to charge prices as high as £10 000 per guitar.

In 2012 Fender started using 3D printing, a process of making three-dimensional (3D) solid objects from a digital model. Fender uses 3D printers to trial new designs for its guitars. Ideas for new guitar models can now be printed-off in Fender's factory, instead of using a specialist model-building company.

CONNECT WITH FENDER

Home / Connect with Fender



Figure 2

(Sources: adapted from <http://intl.fender.com/en-GB/custom-shop> and <http://javelin-tech.com/3d-printer/industry>)

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- 5 Figure 3 shows a bar gate stock graph which details the delivery of ash wood to Fender's factory for 60 days in 2016. During this time it received three deliveries of ash wood from its supplier. These are marked on Figure 3 as A, B and C.

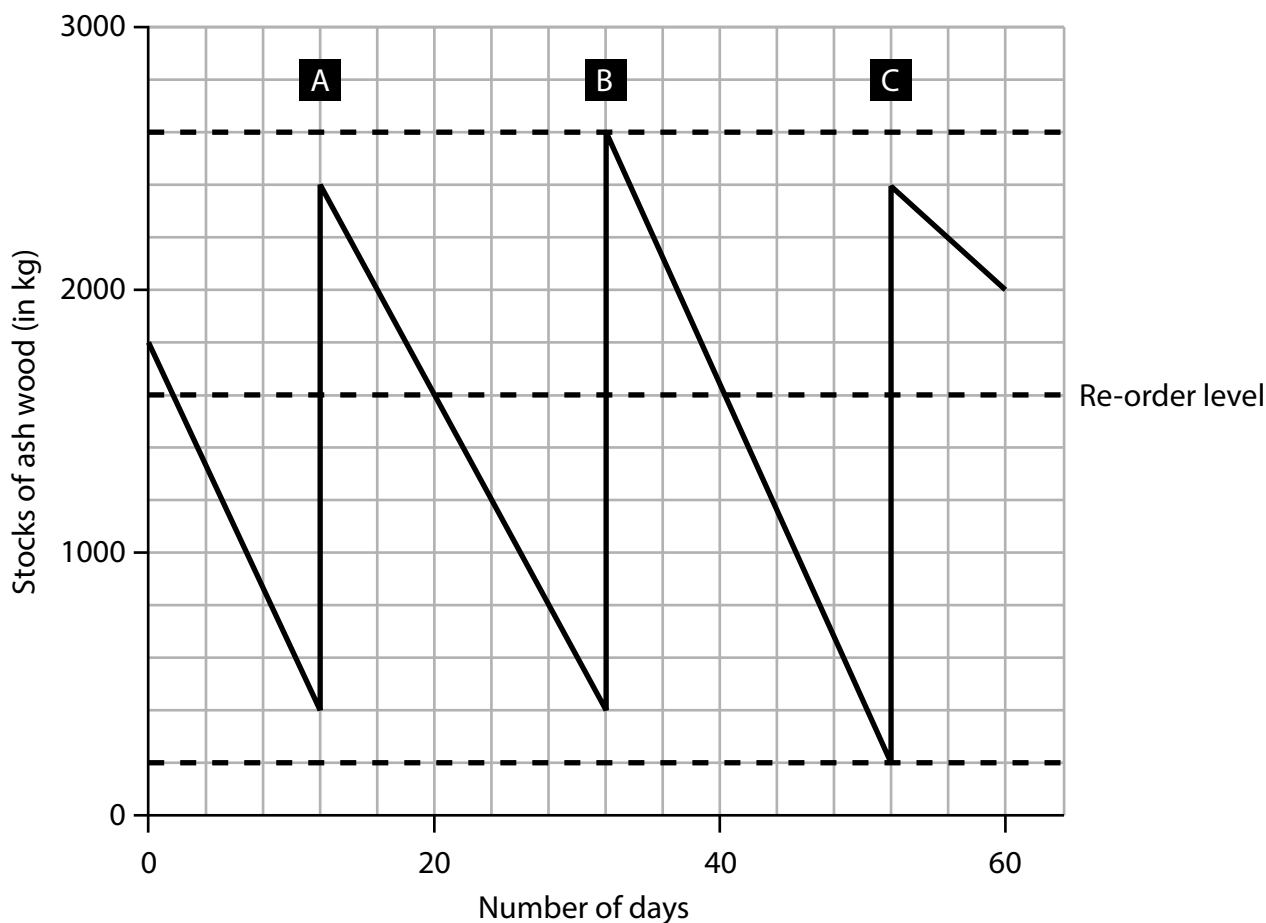


Figure 3

- (a) Identify the amount of ash wood Fender held as a buffer stock.

(1)

- (b) Identify the day when delivery B of ash wood arrived at Fender's factory.

(1)

- (c) Calculate the amount of ash wood that was delivered to Fender in order B. You are advised to show your workings.

(2)

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Fender uses job production to manufacture its hand-made musical instruments.

(d) Analyse the impact on Fender of using job production to produce these musical instruments.

(6)

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(Total for Question 5 = 10 marks)

6 (a) State **one** factor that Fender will consider when choosing its suppliers.

(1)

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(b) Outline **one** possible benefit to Fender from using social media.

(2)

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Fender is considering two options to increase its profitability:

Option 1: Increase advertising

Option 2: Increase prices

(c) Justify which **one** of these options Fender should choose.

(9)

Area with horizontal dotted lines for writing the answer to question 6(c).

(Total for Question 6 = 12 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

Answer ALL questions.

Look at Figures 4 and 5, read the following extract carefully, then answer Question 7.

Write your answers in the spaces provided.

Argos and Sainsbury's are familiar brands in the UK.

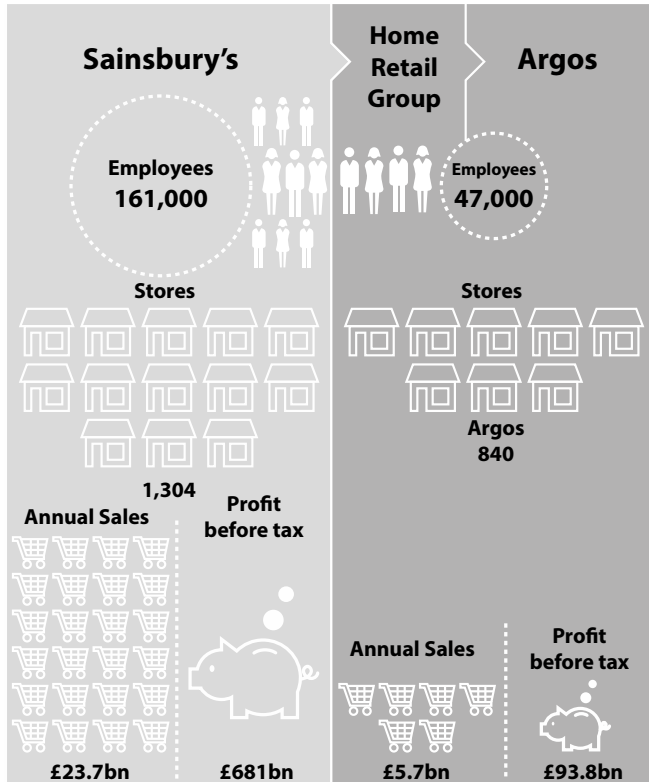


Figure 4

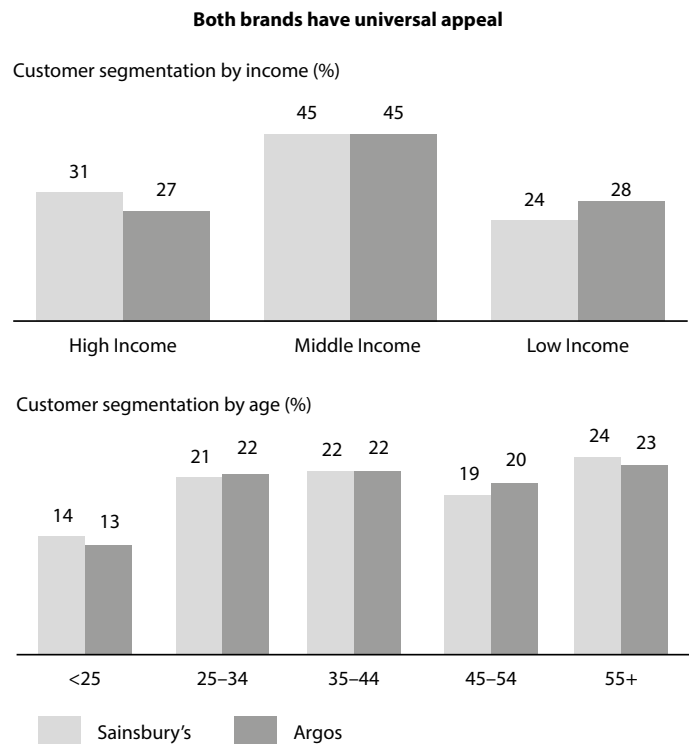


Figure 5

In February 2016, Home Retail Group plc, the owners of the high-street catalogue store Argos, agreed to be taken over by Sainsbury's plc in a £1.3bn deal. The takeover has arisen because market conditions have changed in high-street retailing. The move towards smaller, more convenient supermarkets such as those provided by Lidl and Aldi has left Sainsbury's plc with overly large stores which consumers increasingly do not want to use. Argos also found itself in an increasingly competitive market place and was struggling to compete against the giant e-tailer Amazon.com on both price and speed of delivery.

The takeover of Argos by Sainsbury's plc will create the UK's largest non-food retailer and will allow Sainsbury's plc the ability to open Argos stores within the unused space in Sainsbury's supermarkets. This will result in Argos' stores on the high street closing. The combined company will also be able to improve its home delivery operation with grocery items and non-food items now being delivered to homes only four hours after the order was originally placed.

(Source: J Sainsbury plc and <http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/12096740/sainsburys-home-retail-group-argos-homebase-mike-coupe-takeover-explained.html>, accessed on 12/2/16)

7 (a) Define the term 'takeover'. (1)

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(b) Using the chart in Figure 5, identify the age group with which Argos' promotional strategy appears to have been most effective. (1)

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(c) Outline **one** reason why being an e-tailer gives Amazon an advantage over Argos. (2)

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In order to improve its competitive advantage, Argos has two options:

Option 1: Lower prices

Option 2: Increase the speed of home delivery

(d) Justify which **one** of these options Argos should choose.

(9)

Area with horizontal dotted lines for writing the answer.

(e) Evaluate whether Sainsbury's is likely to benefit from its takeover of Home Retail Group. You should use the information provided as well as your knowledge of business.

(12)

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(Total for Question 7 = 25 marks)

TOTAL FOR SECTION C = 25 MARKS
TOTAL FOR PAPER = 90 MARKS

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