

Write your name here

Surname					Other names				
Centre Number					Candidate Number				
Pearson Edexcel Level 1/Level 2 GCSE (9–1)									
<h1>Business</h1> <h2>Paper 2: Building a business</h2>									
Extra Assessment Material Set 2 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.
- Answer **all** questions.
- 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 **not** a form of training?

Select **one** answer.

(1)

- A** Formal
- B** Informal
- C** Ongoing
- D** Retention

(b) Which **one** of the following would best describe the term autonomy?

Select **one** answer.

It is where employees are able to:

(1)

- A** communicate easily with others
- B** experience a wide variety of tasks
- C** make their own decisions
- D** receive a bonus for meeting targets

(c) Explain **one** benefit to a business from exporting its products.

(3)

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(d) Explain **one** impact improved technology may have on a business.

(3)

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(Total for Question 1 = 8 marks)

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2 (a) Which **two** of the following are stages in the sales process?

Select **two** answers.

(2)

- A** Competitive prices
- B** Customer engagement
- C** High quality products
- D** Post-sales service
- E** Quality assurance

(b) Which **two** of the following are benefits to a large business of a flat organisational structure?

Select **two** answers.

(2)

- A** Decisions can be made quickly
- B** Increased number of team leaders
- C** Managers may be overworked
- D** Increased barriers to communication
- E** Reduced cost of management salaries

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Table 1 contains information about a business.

Gross profit	£1 100 000
Net profit	£800 000
Sales revenue	£2 000 000

Table 1

(c) Using the information in Table 1, calculate the cost of sales for the business. You are advised to show your workings.

(2)

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(d) Explain **one** reason why a business may provide employees with fringe benefits.

(3)

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(e) Explain **one** advantage to a business of being recognised as environmentally responsible.

(3)

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3 (a) Which **one** of the following documents would **not** be produced by a business as part of the recruitment process?

Select **one** answer.

(1)

- A CV
- B Job advert
- C Job description
- D Person specification

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Figure 1 shows the sales revenue for Business A between May and August 2016.

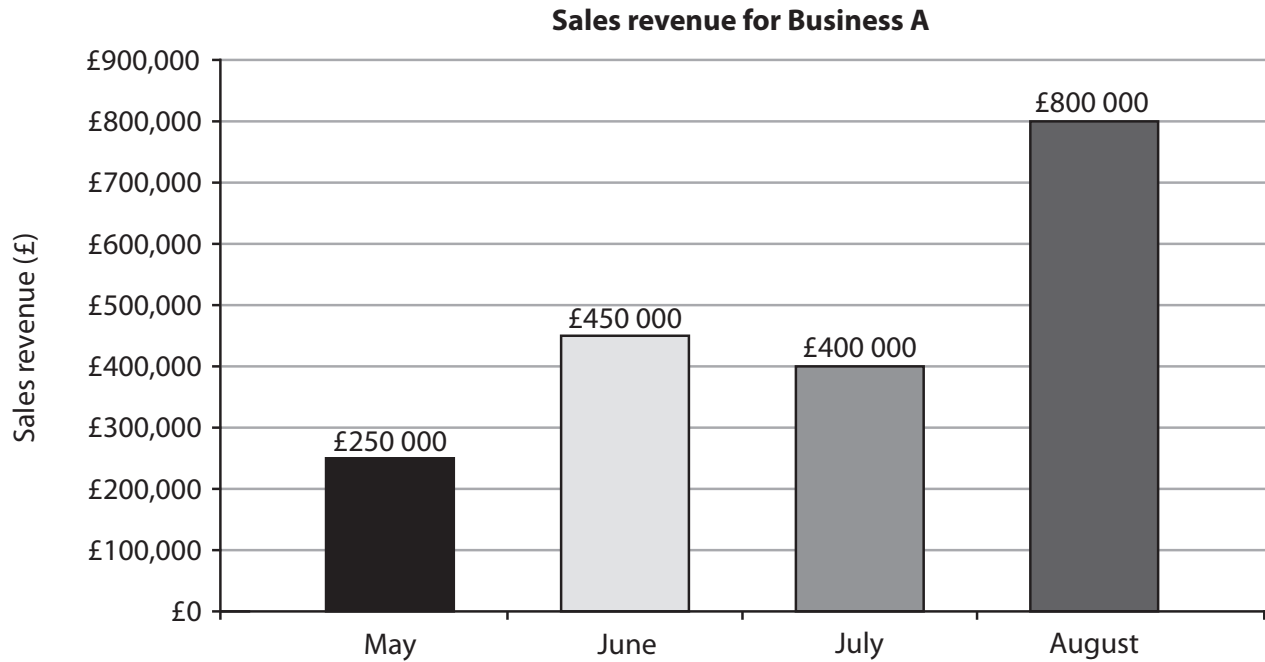


Figure 1

(b) Using the information in Figure 1, calculate the average sales revenue for Business A for the four months between May and August 2016. You are advised to show your workings.

(2)

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(c) Explain **one** benefit to a business of using job rotation.

(3)

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(d) Explain **one** benefit to a business of having performance reviews with its employees.

(3)

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(e) Discuss the effect on a business of using workers on freelance contracts.

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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.

Read the following extract carefully and then answer Questions 4, 5 and 6.

Write your answers in the spaces provided.



(Source: © pio3/Shutterstock)

Nando's is a restaurant chain that specialises in Portuguese PERi-PERi chicken and spicy food. Since its first UK restaurant opened in 1992, the chain has expanded rapidly. There are now 339 restaurants in the UK. *Nando's* is popular amongst its target market of young people.

Nando's has used social media to develop a strong brand and to communicate with its target market. Its Twitter feed has over 1.5 million followers. *Nando's* uses viral advertising campaigns, many of which are reposted on social media.

The UK restaurant market has become more competitive. In 2013, *Nando's* decided to trial a takeaway service. After trialling this in 10 restaurants, the takeaway service is now available in every branch. Following the success of the takeaway trial, *Nando's* is now considering developing an app (application) for mobile phones, which can be used to order takeaway food. It also wants to start a home delivery service to improve the profitability of its takeaway service.

(Source: adapted from http://www.digitaltrainingacademy.com/casestudies/2014/07/how_nandos_became_the_most_popular_restaurant_chain_on_social_media.php)

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4 (a) Outline **one** reason why *Nando's* trialled its takeaway service in only 10 restaurants.

(2)

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(b) Analyse the advantage to *Nando's* from having strong branding.

(6)

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5 Figures 2 and 3 show market research information taken from *Nando's* restaurant in Exeter.

Average quantity of meals sold per day at *Nando's* restaurant in Exeter

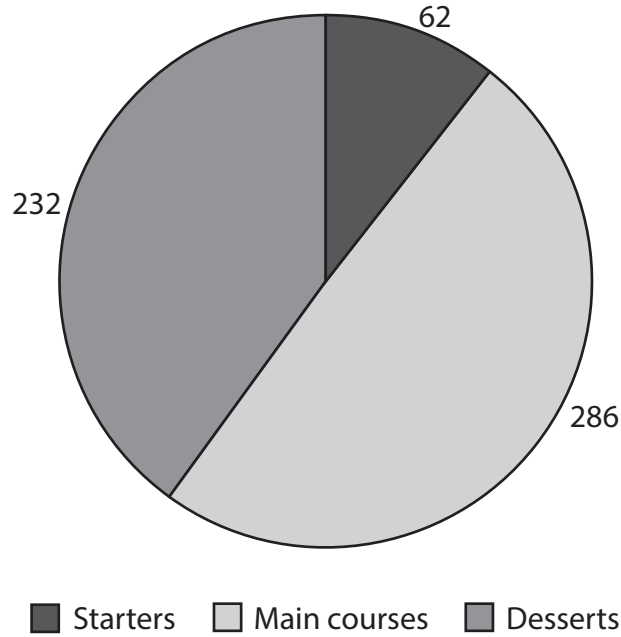


Figure 2

Average price paid for each meal type at *Nando's* restaurant in Exeter

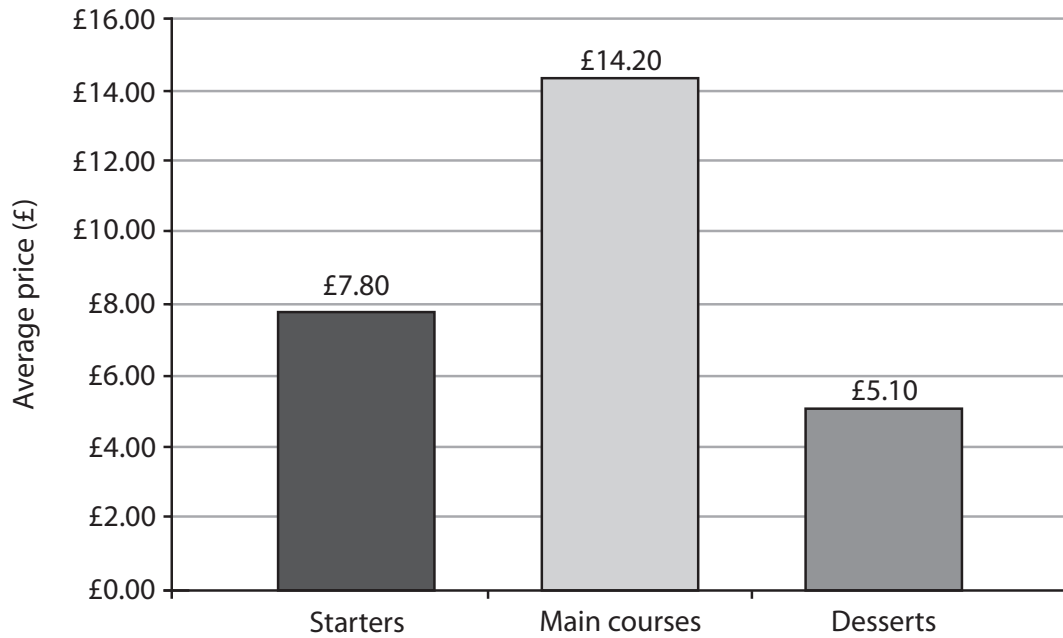


Figure 3

(Source: Interview with manager at *Nando's* restaurant in Exeter, Princess Hay, Exeter)



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- (a) Using the information in Figure 2, calculate the quantity of desserts sold as a percentage of all meals sold at *Nando's* restaurant in Exeter. You are advised to show your workings.

(2)

..... %

- (b) Using the information in Figures 2 and 3, calculate the average daily sales revenue generated from main courses at *Nando's* restaurant in Exeter. You are advised to show your workings.

(2)

£



6 (a) State **one** factor that *Nando's* should consider in setting the prices for its takeaway menu.

(1)

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(b) Outline **one** benefit to *Nando's* from using viral advertising.

(2)

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SECTION C

Answer ALL questions.

Read the following extract carefully and then answer Question 7.

Write your answers in the spaces provided.



GoPro is an American public limited company, which manufactures action cameras that are used in extreme activities such as rock climbing, surfing and base jumping.

Since its stock market flotation in 2004, the company has grown rapidly and has become a leading extreme sports brand. *GoPro's* sales revenue has increased every year since the company started. However, in 2016 *GoPro's* sales dropped significantly and the company made a loss of \$116m. This led to the company's share price falling to a record low of \$8.54.

To try and increase sales, *GoPro* launched three new products. These new products were waterproof and allowed smoother video recording. One of these products was the *GoPro Karma* – a new drone that takes aerial action shots.

In 2017 *Go Pro* decided to raise finance to invest in its new product range. This was because cheaper competitors were entering the market, such as the Chinese company *Xiaomi*.

(Source: adapted from <http://www.express.co.uk/life-style/science-technology/712497/GoPro-Announces-Hero-5-Black-Session-Karma-Drone-UK-Release-Date-Price>)

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7 (a) Define the term **public limited company**.

(1)

At its launch, the *GoPro* Karma was priced at £699.99. In 2017 this price was reduced to £649.99.

(b) Calculate, to 2 decimal places, the percentage reduction in price for the *GoPro* Karma. You are advised to show your workings.

(2)

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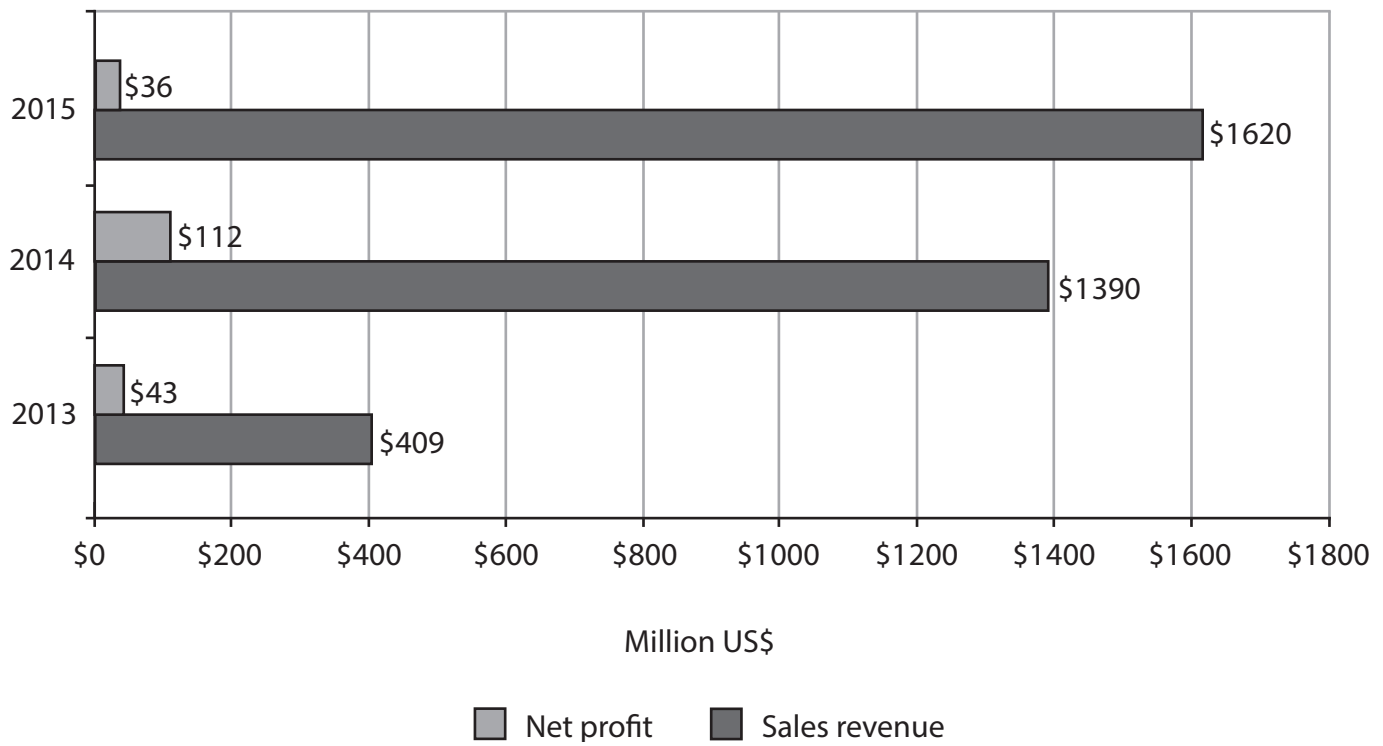
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Figure 4 shows financial information about *GoPro* from 2013 to 2015.

Sales revenue and net profit for GoPro 2013-2016 (Million US\$)



(Source: adapted from <http://www.marketwatch.com/investing/stock/GPRO/financials>)

Figure 4

(c) Using Figure 4, identify the year where *GoPro* achieved its lowest net profit margin.

(1)



GoPro needs to raise finance to develop its new product range. It is considering the following two options:

Option 1: Use retained profit.

Option 2: Issue new share capital.

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

(9)

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(e) Evaluate the importance of function within *GoPro's* design mix. 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

