

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

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

Time 1 hour 30 minutes

Paper  
reference

**1BS0/02**

**Business**

**PAPER 2: Building a business**

**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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Q:1/1/1/1



Pearson

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 the minimum level of stock held by the business in the bar gate stock graph shown in Figure 1?

(1)

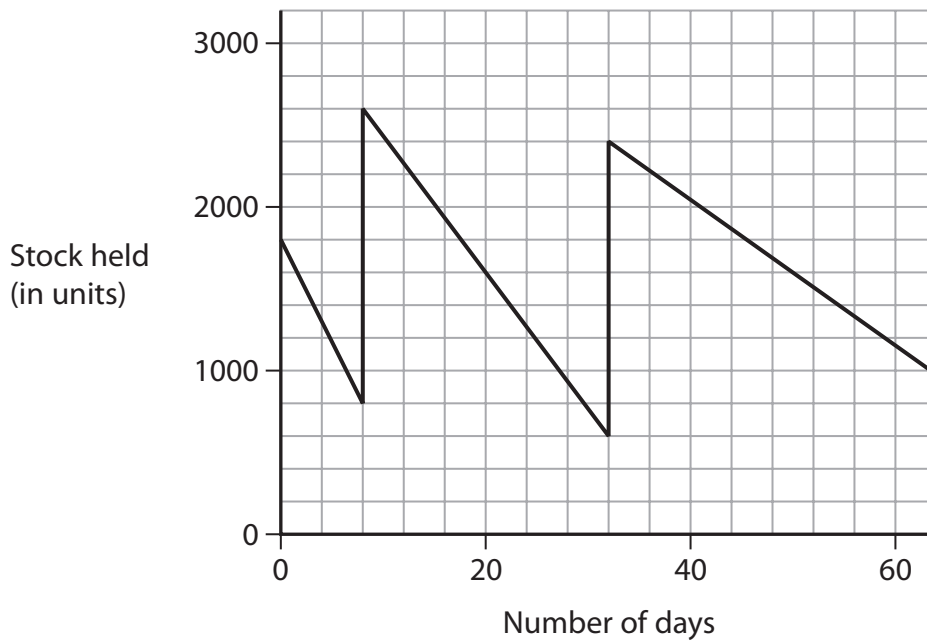


Figure 1

Select **one** answer.

- A 200 units
- B 300 units
- C 600 units
- D 800 units



(b) Which **one** of the following is a barrier to effective communication?

(1)

Select **one** answer.

- A** New information
- B** New machinery
- C** Jargon
- D** Job description

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(c) Explain **one** benefit to a business of allowing its employees to work flexible hours.

(3)

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(d) Explain **one** disadvantage to a business of using a just in time (JIT) system of stock control.

(3)

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

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2 (a) Which **two** of the following are stages of the product life cycle?

(2)

Select **two** answers.

- A** Birth
- B** Cancellation
- C** Decline
- D** Growth
- E** Marketing

(b) Which **two** of the following are elements of the design mix?

(2)

Select **two** answers.

- A** Cost
- B** Function
- C** Materials
- D** Price
- E** Quality



Table 1 contains information about a new piece of machinery that a business wants to purchase.

Average annual profit	£200 000
Cost of new machine	£200 000

**Table 1**

(c) Using the information in Table 1, calculate the average rate of return. (2)

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(d) Explain **one** advantage to a business of having motivated employees. (3)

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(e) Explain **one** impact on a business if tariffs are placed on its exports.

(3)

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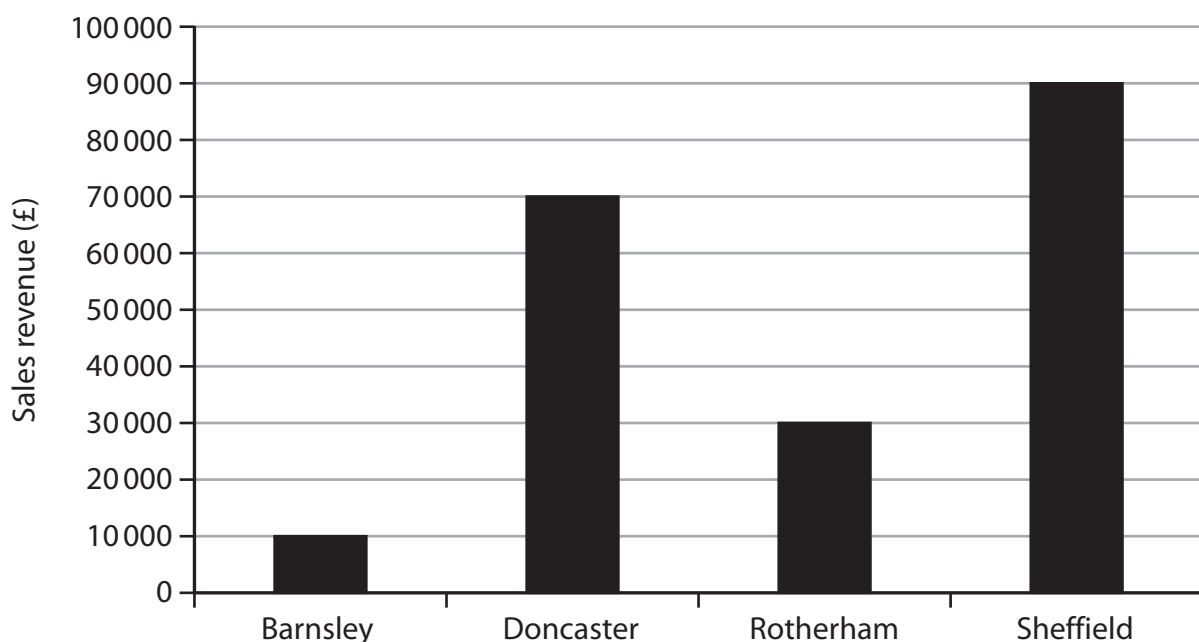
3 (a) Which **one** of the following is a stage in the sales process?

(1)

Select **one** answer.

- A** Advertising
- B** Customer engagement
- C** Product quality
- D** Use of different payment systems

Figure 2 shows a business' sales revenue from each of its four locations in South Yorkshire in 2020.



**Figure 2**

(b) Using the information in Figure 2, calculate the average sales revenue for this business in 2020. You are advised to show your workings.

(2)

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(c) Explain **one** method that a business could use to reduce its environmental impact.

(3)

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(d) Explain **one** method that a business could use to extend the life cycle of one of its products.

(3)

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(e) Discuss the impact on a company of using retained profit as a source of finance for expansion.

(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.

Read the following extract before answering Questions 4, 5 and 6.

Write your answers in the spaces provided.

*Greggs plc* is a company that produces baked goods such as sausage rolls, savoury snacks and cakes. It has more than 1,900 shops and a number of factories located across the UK.

In 2018, *Greggs* planned to open a further 130 shops to cope with its continued growth in sales. It wanted to increase the use of technology in its factories, where it uses batch production. To be able to cope with this expansion, *Greggs* also planned to invest in improved logistics.

The growth of *Greggs* has been a UK high street success story. From originally being based in Newcastle and the north-east, it has expanded rapidly across the whole of the UK. It has switched away from selling traditional bakery products, such as bread, to become more like a fast food chain. As a result, *Greggs* now sell a variety of takeaway goods such as pizza, soup, coffee and sandwiches and operates in the very competitive 'food-to-go' market. Its main rivals are Pret a Manger, Costa and Starbucks.



(Source: abimages/Shutterstock)

**Figure 3:** *Greggs'* vegan sausage roll

In 2019, *Greggs* gained national publicity by becoming the first food retailer to start selling vegan sausage rolls. It is hoped that products such as this will help *Greggs* stand out from its rivals. The vegan sausage roll is priced at £1, 10p more than the meat-based equivalent.

(Source: adapted from <https://www.foodmanufacture.co.uk/Article/2018/02/27/High-street-baker-posts-profits-growth> and <https://metro.co.uk/2019/01/03/actually-greggs-vegan-sausage-roll-8305542/>)

4 (a) Outline **one** drawback to *Greggs* of using batch production in its factories.

(2)

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5 Table 2 contains information about *Greggs'* financial performance in 2018.

	£ (000)
Sales revenue	1 029 347
Cost of sales	373 487
Other operating expenses and interest	573 292
Net profit	82 568

**Table 2**

(a) Using the information in Table 2, calculate *Greggs'* gross profit.

(2)

£ .....

(b) Using the information in Table 2, calculate to 2 decimal places, *Greggs'* net profit margin.

(2)

..... %



(c) Analyse the impact on *Greggs* from improving its logistics.

(6)

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(Total for Question 5 = 10 marks)



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6 (a) State **one** good that *Greggs* produces in its factories.

(1)

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(b) Outline **one** benefit to *Greggs* of being a public limited company (plc).

(2)

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In order to continue the growth in its sales, *Greggs* is considering two options:

**Option 1:** differentiate its product range

**Option 2:** lower its prices.

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

(9)

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(Total for Question 6 = 12 marks)

**TOTAL FOR SECTION B = 30 MARKS**



## SECTION C

Answer ALL questions.

Read the following extract carefully and then answer Question 7.

Write your answers in the spaces provided.



(Source: Cineberg/Shutterstock)

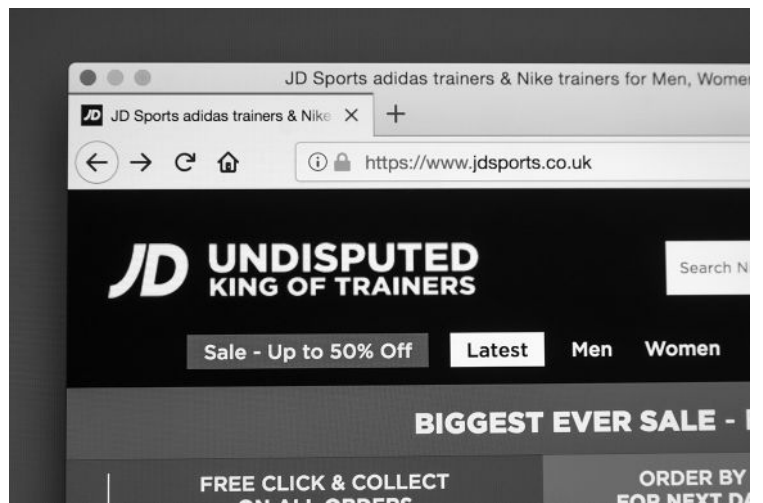
*JD Sports plc* is a multinational sports, fashion and footwear retailer based in the UK. It owns a number of brands including Footpatrol and Kukri. It has over 2,400 stores in 18 different countries. Most of its brands are targeted at the 'athleisure' market.

This market consists of 16–24 year olds who choose to wear sportswear outside of the gym. It uses targeted online advertising to direct customers to one of its websites, such as [www.jdsports.co.uk](https://www.jdsports.co.uk). It also sponsors UK boxing star, Anthony Joshua and Bournemouth football club.

In March 2019, *JD Sports* announced that it was taking over loss-making, rival sports footwear retailer Footasylum for £90.1 million. Footasylum, like *JD Sports*, had its headquarters in Greater Manchester and was started by an ex-*JD Sports* director, David Makin. Footasylum had 69 stores in the UK in similar locations to *JD Sports*.

Footasylum also targeted the 'athleisure' market and used to sell identical trainer brands to *JD Sports* such as Nike, Adidas and Puma. *JD Sports* brands itself as the 'King of trainers', in an attempt to compete with main rival Sports Direct.

In July 2019, the Competition and Markets Authority (CMA) announced an investigation into the takeover. It was worried about the impact that the takeover might have on consumers and suppliers.



(Source: chrisdorney/Shutterstock)

**Figure 4:** The *JD Sports* website

(Source: adapted from <https://www.retailgazette.co.uk/blog/2019/07/cma-begins-probe-of-jd-sports-footasylum-takeover/> and <https://www.theguardian.com/business/2019/mar/18/jd-sports-buy-footasylum-stores>)

7 (a) Define the term **multinational**.

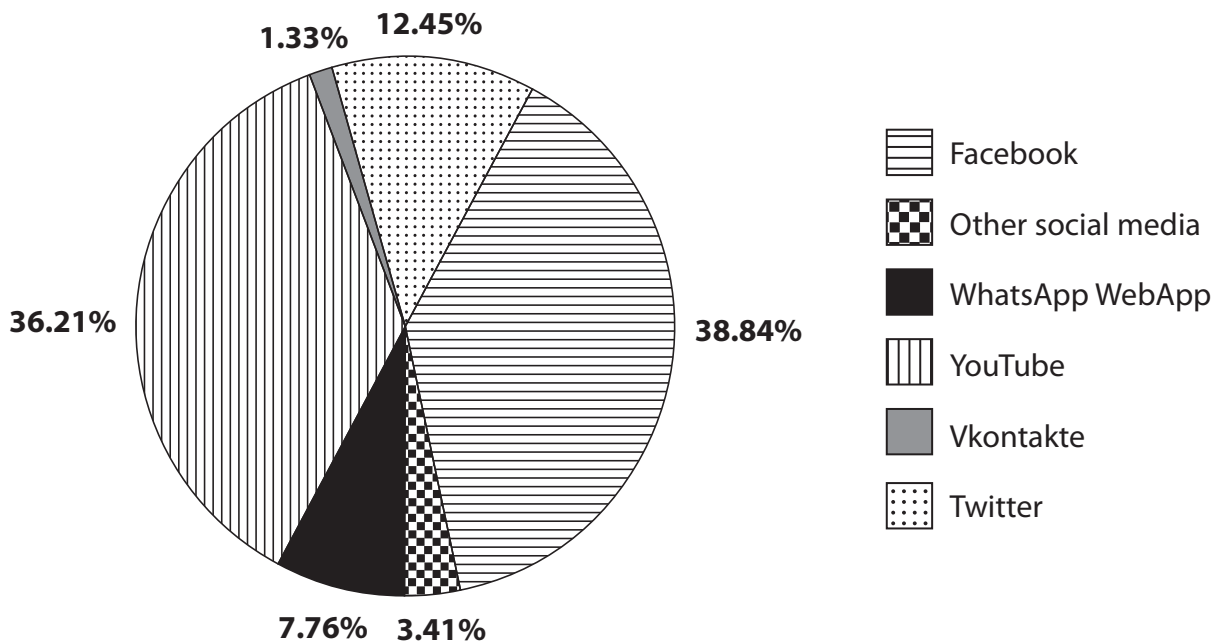
(1)

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Figure 5 shows the percentage of customers the website [www.jdsports.co.uk](http://www.jdsports.co.uk) has had from various social media websites in 2020.



**Figure 5**

(Source: adapted from <https://www.similarweb.com/website/jdsports.co.uk#social>)

(b) Using the information in Figure 5, identify the social media site that generated the smallest percentage of customers for [www.jdsports.co.uk](http://www.jdsports.co.uk).

(1)

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(c) Outline **one** benefit to *JD Sports* of having a website.

(2)

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In order to improve its competitive advantage *JD Sports* is considering two options:

**Option 1:** targeted online advertising

**Option 2:** sponsorship.

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

(9)

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Five horizontal dotted lines for writing.



(e) Evaluate whether the takeover of Footasylum will allow *JD Sports* to increase its profit. You should use the information provided as well as your knowledge of business.

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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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