

Please check the examination details below before entering your candidate information

Candidate surname		Other names	
Centre Number		Candidate Number	
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.*
- You are advised to **show all your working out** with **your answer clearly identified** at the **end of your solution**.

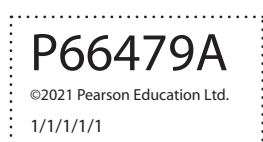
Information

- 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.*
- Calculators may be used.

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.
- Good luck with your examination.

Turn over ►



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 Figure 1 shows the organisational structure of a business.

(a) Which **one** of the following organisational structures is shown in Figure 1?

(1)

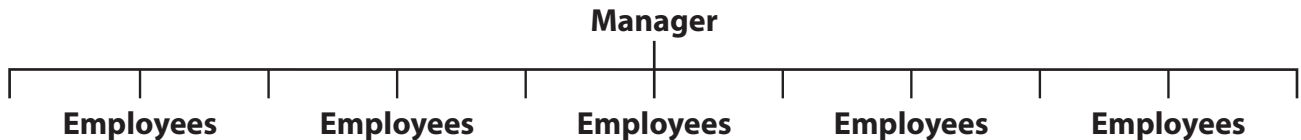


Figure 1

Select **one** answer.

- ☐ A Decentralised
- ☐ B Flat
- ☐ C Hierarchical
- ☐ D Remote

(b) Which **one** of the following documents states the qualities an employer is looking for in a new employee?

(1)

Select **one** answer.

- ☐ A Application form
- ☐ B CV
- ☐ C Job description
- ☐ D Person specification



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(c) Explain **one** impact that a pressure group can have on a business.

(3)

(d) Explain **one** disadvantage to a business of having poor customer service.

(3)

(Total for Question 1 = 8 marks)



2 (a) Which **two** of the following are examples of goods?

(2)

Select **two** answers.

- ☐ **A** Cars
- ☐ **B** Education
- ☐ **C** Hairdressing
- ☐ **D** Televisions
- ☐ **E** Train journeys

(b) Which **two** of the following would allow a business to improve employee retention?

(2)

Select **two** answers.

- ☐ **A** Decreased remuneration
- ☐ **B** Excessive communication
- ☐ **C** Introducing job rotation
- ☐ **D** Providing training
- ☐ **E** Reduced employee autonomy



Table 1 contains financial information about a business.

Sales revenue	£800 000
Cost of sales	£225 000
Gross profit	£575 000
Other operating expenses and interest	£200 000

Table 1

(c) Using the information in Table 1, calculate the net profit of the business.

(2)

£

(d) Explain **one** reason why aesthetics may be important in the design mix of a product.

(3)



(e) Explain **one** drawback to a business of introducing a system of quality assurance.

(3)

(Total for Question 2 = 12 marks)



- 3 (a) Procurement involves a business having a strong relationship with which **one** of the following stakeholder groups?

(1)

Select **one** answer.

- ☐ **A** Local community
- ☐ **B** Managers
- ☐ **C** Pressure groups
- ☐ **D** Suppliers

Figure 2 shows the market share of each business in a market.

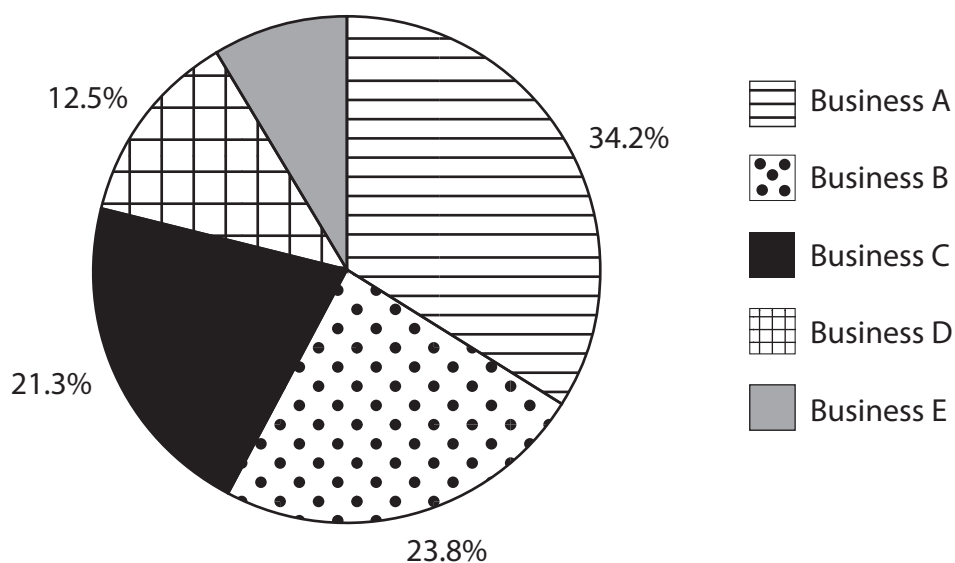


Figure 2

- (b) Using the information in Figure 2, calculate the market share of Business E. You are advised to show your workings.

(2)

..... %

(c) Explain **one** reason why having a post-sales service may be important to a business.

(3)

(d) Explain **one** impact on a business from reducing the size of its workforce.

(3)



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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.

Tesla is a public limited company based in California, USA. Its founder and main shareholder, Elon Musk, wanted to produce an electric car that is affordable to a large number of potential customers. This car is called the *Tesla* Model 3 (Figure 3).

Introduced in 2017, the basic version of the Model 3 was originally priced at \$50 000 and the company wanted to reduce this price to \$35 000 by 2019. However, this was difficult to achieve because *Tesla's* California factory suffered from low levels of productivity. These problems resulted in *Tesla* making a \$976 million loss in 2018.



(Source: Grzegorz Czapski/Shutterstock)

Figure 3: *Tesla* Model 3 electric car

Following the introduction of tariffs on US imports by the Chinese government in 2018, *Tesla* decided to invest \$5 billion in the construction of a new car factory in Shanghai, China. This factory will use flow production. However, with only \$2.4 billion of available capital, *Tesla* needs to raise external finance to fund it.

In 2019, *Tesla* decided to close most of its showrooms to reduce costs. The company believes customers will be happy to purchase electric cars using e-commerce.

(Source: adapted from <https://www.telegraph.co.uk/technology/2019/02/28/tesla-launches-long-awaited-35000-car-closes-dealerships-move/> and <https://www.bloomberg.com/news/articles/2018-08-01/tesla-is-said-to-plan-5-billion-investment-in-chinese-factory>)

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4 (a) Outline **one** drawback to *Tesla* of using e-commerce to generate sales.

(2)

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.....

(b) Analyse the benefit to *Tesla* of using flow production in its new factory.

(6)

(Total for Question 4 = 8 marks)

- 5 Table 2 contains information about the price of a *Tesla* Model 3 car between 2017 and 2019.

Year	Price (in US\$)
2017	50 000
2018	41 000
2019	35 000

Table 2

- (a) Using the information in Table 2, calculate, the percentage reduction in the price of a *Tesla* Model 3 car between 2017 and 2019.

(2)

..... %

- (b) Using the information in Table 2, calculate the average price of a *Tesla* Model 3 car over the three year period between 2017 and 2019.

(2)

£

(c) Analyse the impact on *Tesla* of increasing levels of globalisation.

(6)

(Total for Question 5 = 10 marks)

6 (a) State **one** impact to *Tesla* of continuing to make a loss.

(1)

(b) Outline **one** drawback to *Tesla* of a government introducing tariffs on imports from the US.

(2)

In order to raise the finance for its new Chinese factory, *Tesla* is considering two options:

Option 1: share capital

Option 2: loan capital.

(c) Justify which **one** of these two options *Tesla* 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: Dmitry Kalinovsky/Shutterstock)

Figure 4: Automation at an ASOS warehouse

customer orders the next day, so long as the order is placed online before midnight. Automation has also given ASOS the ability to increase the range of clothes it can sell on its website.

ASOS plc is an online fashion retailer which targets customers in their 20s. The company started in 2000 and since then it has grown significantly. One of the main reasons for its growth is what Chief Executive Nick Beighton calls, the 'ASOS Experience'.

The company focuses on high quality logistics to distribute its products and increased use of warehouse technology. This has resulted in a warehouse and distribution system which is almost fully automated (Figure 4). This allows ASOS to deliver

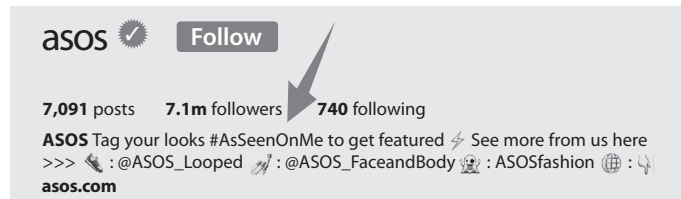


Figure 5: ASOS's Instagram bio

However, the market for clothes in the UK is becoming increasingly competitive. Despite a significant growth in sales, ASOS's profits have fallen. This has caused the company's share price to fall. ASOS has responded by focusing on viral advertising. Its latest campaign is to get customers to use the hashtag #AsSeenOnMe (Figure 5) when they are showing off their latest ASOS outfit on social media. In return, ASOS gives customers the opportunity to be featured on the ASOS Instagram feed which has 7.1 million followers.

(Source: adapted from <https://jilt.com/upsell/asos-shipping-logistics/> and <https://sproutsocial.com/insights/social-media-marketing-examples/>)

7 (a) Give **one** element of the marketing mix.

(1)

Figure 6 shows the ASOS share price over time.



Figure 6

(Source: adapted from <https://www.asosplc.com/investors/share-price/share-price-chart>)

(b) Using the information in Figure 6, identify the year when the ASOS share price was higher than £70.

(1)

- (c) Outline **one** advantage to ASOS of increasing the range of products offered for sale on its website.

(2)

In order to increase its profits, ASOS is considering two options:

Option 1: lower prices

Option 2: advertise on more social media channels.

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

(9)

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- (e) Evaluate whether high quality logistics will give ASOS a competitive advantage.
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

