

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

**Pearson Edexcel Level 3 GCE**

**Friday 26 May 2023**

Afternoon (Time: 1 hour 30 minutes)

Paper  
reference

**8BS0/02**

**Business**

**Advanced Subsidiary**

**PAPER 2: Managing Business Activities**

**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.*

### Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets  
– use this as a guide as to how much time to spend on each question.
- You may use a calculator.

### 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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Answer ALL questions.

SECTION A

Read the following Extracts (A and B) before answering Question 1.

Write your answers in the spaces provided.

**Extract A**

**Jack Wills Ltd to reconsider its future**

In 2019, fashion retailer, Jack Wills, appointed advisors to look at options for the future of the business. This included the possible sale of the business. Since 2017, the retailer has suffered from falling sales and has used up a £20m cash injection from owners, Bluegem Capital.

5

Rumours suggest that Jack Wills is suffering from poor working capital. It has already asked its landlords to reduce store rental costs in an effort to reduce its fixed costs. Jack Wills' suppliers have also been affected by the problems at the business, with each store reducing the amount of buffer stock held. Suppliers have been asked to extend the trade credit period. Jack Wills has negotiated an increased overdraft facility with its bank, HSBC.

10

Jack Wills was not the only retailer to face difficulties on the UK high street. In 2019, upmarket retailers Pretty Green and Karen Millen, both failed as high street stores, and continued to lose footfall to online retailers such as Boohoo.com and ASOS.

(Source: adapted from © Guardian News & Media Ltd)

**Extract B**

**Selected information from Jack Wills Ltd's Statement of Comprehensive Income (2018)**

	£000s
Revenue	129 297
Cost of sales	(63 380)
Other operating expenses	(80 149)
Operating profit	(14 232)
Profit for the year (net profit)	(14 838)

(Source: adapted from <https://beta.companieshouse.gov.uk/company/03504842/filing-history>)

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1 (a) What is meant by fixed costs?

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(b) What is meant by overdraft?

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(c) Using the information in Extract B, calculate the difference between gross profit and operating profit for Jack Wills Ltd in 2018. You are advised to show your working.

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(d) Using the information in Extract B, calculate, to 2 decimal places, the operating profit margin for Jack Wills Ltd in 2018. You are advised to show your working.

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(e) Assess **two** likely benefits to Jack Wills Ltd of reducing the amount of buffer stock held at each store.

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(f) Assess the importance of working capital in preventing the failure of a business, such as Jack Wills Ltd.

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**(Total for Question 1 = 30 marks)**

**TOTAL FOR SECTION A = 30 MARKS**



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## SECTION B

Read the following Extracts (C and D) before answering Question 2.

Write your answers in the spaces provided.

### Extract C

#### DJI Ltd expands

DJI Ltd is the world's largest UAV (Unmanned Aerial Vehicle) or 'drone' manufacturer. Based in Shenzhen, China, the company manufacture popular drones, such as the Phantom and Marvic models. In 2016, DJI's global market share stood at 50%. By 2018, this had risen to 76%. Its nearest rival, Yuneec, holds a 5% share of the global market.

5

DJI's success has come from the use of lean production in its factories and by establishing a culture of Kaizen amongst its workforce. As sales of drones have risen, DJI has been able to increase the capacity utilisation at its main Shenzhen factory to over 90%. The company is now planning to open a new factory in California, USA, which it will finance using retained profit.

10

(Source: adapted from <http://thedronegirl.com/2018/09/18/dji-market-share/> and <https://www.dji.com/uk>)

### Extract D

Figure 1 shows a stock control diagram for July 2018 for drone rotor blades at DJI Ltd's Shenzhen factory. During this period, there were two deliveries of drone rotor blades by suppliers, labelled A and B.

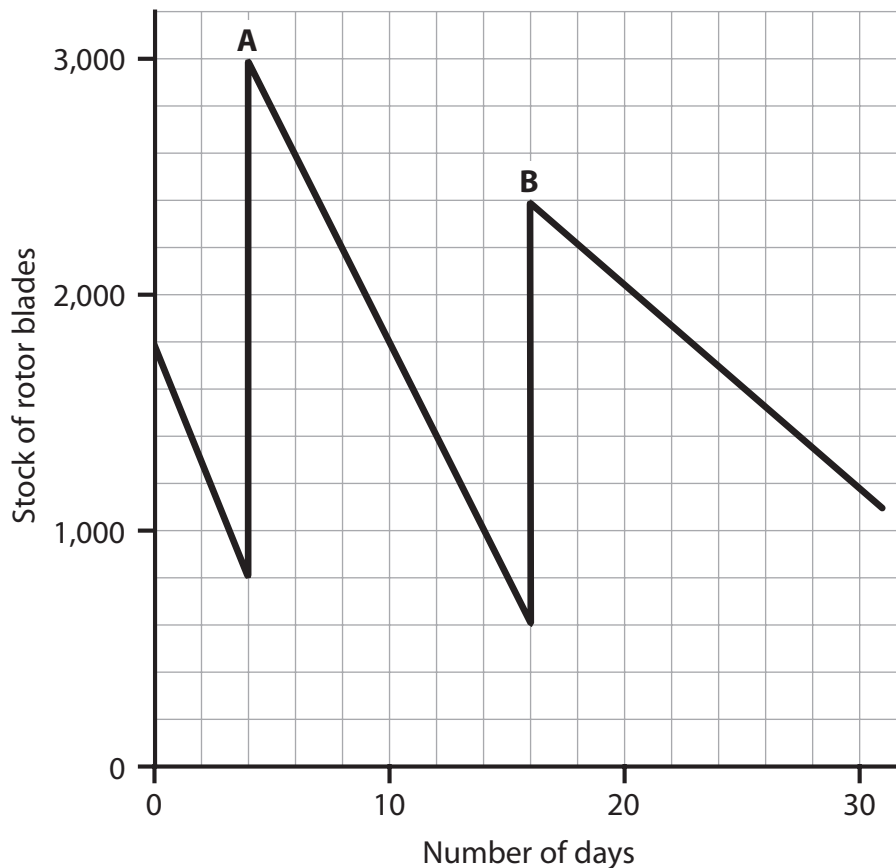


Figure 1



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2 (a) What is meant by Kaizen?

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(b) What is meant by retained profit?

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(c) Using the information in Extract D, calculate the total number of rotor blades that were delivered in July 2018 to DJI Ltd's Shenzhen factory. You are advised to show your working.

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(e) Assess **two** likely benefits of being a private limited company to the shareholders of DJI Ltd.

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(f) Assess whether lean production will allow DJI Ltd to gain a competitive advantage. (10)

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(Total for Question 2 = 30 marks)

**TOTAL FOR SECTION B = 30 MARKS**



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## SECTION C

Read Extract E before answering Question 3.

Write your answer in the space provided.

### Extract E

#### Deliveroo Ltd wants to fund further growth

Deliveroo is a UK-based food delivery business, which operates in more than 500 towns and cities across 13 different countries. Most of its workforce are self-employed and deliver food using their own bicycles or mopeds.

In 2018, Deliveroo increased its sales by 72%. Despite expanding rapidly, the company still made a loss of £232m. This loss was 16% higher than the £199m loss in 2017.

5

Deliveroo wants to expand in the UK and is planning to add a further 50 towns and cities to its UK food delivery operations. Deliveroo also wants to enter new markets in Taiwan and Kuwait. The company is considering several different sources and methods of finance to fund this growth.

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(Source: adapted from © Guardian News & Media Ltd)

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To fund its planned growth, Deliveroo Ltd could either use a stock market flotation or take out a bank loan.

3 Evaluate these **two** options and recommend which one Deliveroo Ltd should choose to fund its planned growth.

(20)

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(Total for Question 3 = 20 marks)

**TOTAL FOR SECTION C = 20 MARKS**  
**TOTAL FOR PAPER = 80 MARKS**



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