



Oxford Cambridge and RSA

Monday 12 June 2023 – Afternoon

GCSE (9–1) Business

J204/02 Business 2: operations, finance and influences on business

Time allowed: 1 hour 30 minutes



You can use:

- a calculator



Please write clearly in black ink. **Do not write in the barcodes.**

Centre number

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 Candidate number

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First name(s) _____

Last name _____

INSTRUCTIONS

- Use black ink.
- Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.
- Answer **all** the questions.

INFORMATION

- The total mark for this paper is **80**.
- The marks for each question are shown in brackets [].
- Quality of extended response will be assessed in questions marked with an asterisk (*).
- This document has **20** pages.

ADVICE

- Read each question carefully before you start your answer.

2
SECTION A

1 A company makes wooden jigsaw puzzles.

By law, the company must:

- A** buy its wood from local suppliers
- B** deliver the jigsaw puzzles in electric vans
- C** replace any pieces that customers lose
- D** use paint that is non-toxic and safe

Your answer

[1]

2 Which of the following is **least** likely to be a reason for a business to need finance?

- A** To decrease the size of the workforce
- B** To extend a marketing campaign
- C** To increase the size of its factory
- D** To reduce the amount of stock it purchases

Your answer

[1]

3 Which of the following would be fixed costs of a fruit farm?

- A** Farm workers' wages
- B** Plant food and fertiliser
- C** Rent and rates
- D** Seeds and seedlings

Your answer

[1]

- 4 Four years ago an entrepreneur invested £200 000 to start up their own business. The business is making an average profit of £53 000 per year.

The entrepreneur's average rate of return is:

- A 6.6%
- B 26.5%
- C 73.5%
- D 106%

Your answer

[1]

- 5 Emma and Henry are in a partnership that runs a small building firm. Despite being profitable, the business is having difficulty paying all its expenses.

Which of the following would help Emma and Henry deal with this problem?

- A Holding larger stocks of raw materials
- B Increasing the labourers' wages
- C Issuing shares
- D Taking on a new partner

Your answer

[1]

- 6 Financial data for Pilti plc in 2022 is shown below.

- Revenue £44 million
- Expenses £12 million
- Net profit £14 million

Pilti plc's gross profit in 2022 was:

- A £18 million
- B £26 million
- C £32 million
- D £58 million

Your answer

[1]

7 An extract from Yoshi's Sweet Shop's cash flow forecast for November is shown below.

	November
	£
Total inflow	28 000
Total outflow	18 500
Net cash flow	9 500
Opening balance	-4 700

Yoshi's Sweet Shop's opening balance for December is expected to be:

- A £4700
- B £4800
- C £14 200
- D £14 300

Your answer

[1]

8 Which of the following is an advantage of receiving trade credit?

- A It can be used to pay wages and salaries
- B It encourages production operatives to work harder
- C It is often interest free
- D It may bring new skills into the business

Your answer

[1]

- 9 A manufacturer of diamond rings employs sales staff to visit jewellery stores across the UK to encourage them to purchase its products.

Which of the following is an advantage to the manufacturer of selling face to face to jewellery stores?

- A The cut and colour of the diamonds can be clearly demonstrated
- B The jewellery stores have the opportunity to negotiate very low prices
- C The risk of the rings being stolen is kept as low as possible
- D The sales staff can give out lots of free samples

Your answer

[1]

- 10 Globalisation refers to:

- A the financial data used to measure the success of a multinational company
- B the interconnected nature of business activities across the world
- C the interdependencies that underpin decision-making in a large organisation
- D the relationships that exist between the functional areas of a business

Your answer

[1]

- 11 Riley runs his own cleaning business. He wishes to keep supply costs as low as possible. The table below shows the price of cleaning fluid at four possible suppliers.

	Supplier 1	Supplier 2	Supplier 3	Supplier 4
Quantity	100 litre barrels	200 litre barrels	1000 litre barrels	2000 litre barrels
Price	£80	£100	£600	£800

The lowest cost that Riley can obtain 1200 litres of cleaning fluid from one supplier is:

- A £480
- B £600
- C £700
- D £800

Your answer

[1]

12 The net profit margin of a business has increased from 6% in 2021 to 9% in 2022.

Which of the following **must** be true for this business?

- A Expenses have fallen by 50%
- B Net profit has increased by 3%
- C Profitability has increased by 50%
- D Revenue has increased by 3%

Your answer

[1]

13 A health centre wishes to improve its environmental sustainability.

Which of the following would help achieve this?

- A Asking doctors to wash their hands more frequently
- B Encouraging nurses to go out walking during their lunch break
- C Giving out free fruit to health centre staff and patients
- D Installing sensors to switch off lights when not needed

Your answer

[1]

14 A cash flow forecast can help a business:

- A calculate net profit
- B identify changes in the market
- C predict liquidity problems
- D understand the concept of break-even

Your answer

[1]

- 15 Amir runs a market stall that sells bread. His most popular product, the Farmhouse Loaf, is currently priced at £2.00.

Amir is considering changing the price he charges for the Farmhouse Loaf.

The table below shows Amir's expected weekly sales of the Farmhouse Loaf at various prices.

Farmhouse Loaf	
Price	Expected weekly sales
£1.50	350
£1.75	250
£2.00	150
£2.25	50

This data is useful to Amir when making this pricing decision because it shows that:

- A changing the price charged for each loaf will have little effect on total revenue
- B charging a relatively high price for each loaf is likely to increase total revenue
- C reducing the price charged for each loaf is likely to increase total revenue
- D the current price should not be changed because it maximises total revenue

Your answer

[1]

Text 1

Zara

Zara is a global fashion brand based in Spain. Zara is best known for the speed and frequency it can get its new clothing ranges into its online shop and 2270 stores. Approximately 50% of Zara's clothes are manufactured in Spain; the rest come from other European countries, or from Asia and Africa. Like most firms in 2020, Zara experienced a fall in sales. Zara's global sales revenues in 2019 were €19954 million, but in 2020 these fell to €14 129 million. However, during this period Zara's online sales increased by approximately 75%, as consumer buying habits changed in favour of e-commerce.

Zara can get new clothing designed, manufactured and delivered to its stores within 15 days. It does this by buying fabric in large quantities from suppliers in Europe, which helps keep its variable costs low. This means that it is delivered quickly to its factory in Spain, where it can then be made up into the new designs.

Zara's highly responsive supply chain is central to its business success. This means it can change its clothing designs on average every two weeks, while competitors change their designs every two or three months.

(a) (i) Explain **one** production process a business may use when making its products.

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..... [2]

(ii) Explain **one** method that a business could use to ensure the quality of its products.

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..... [2]

Text 2

AstraZeneca plc

AstraZeneca plc (AZ) is a multinational pharmaceutical company that operates in over 100 countries around the world. AZ develops treatments for a range of diseases. It sells its medicines and vaccines worldwide. Its headquarters are in Cambridge, England. In 2021 AZ’s sales revenue was £37 417m, from which it made £24 980m gross profit.

AZ has a code of ethics, which is at the centre of everything that it does. The company has approximately 75 000 employees worldwide; 10 000 of these work in its three research and development centres.

AZ uses technology throughout its operations to provide high quality products for its customers. These customers include doctors, hospitals and governments from around the globe.

In the UK, AZ has changed the way it sells its products. Previously, sales staff would visit medical professionals; now it uses a call centre and website where medical professionals can order products and samples. AZ says this means it can now provide a high quality service that meets the needs of its customers at a lower cost.

(a) Identify **two** ethical considerations a business may have.

- 1
- 2 [2]

(b) State **two** reasons why quality in the production of goods is important to a business.

- 1
- 2 [2]

(c) Analyse **one** reason why it is important to AZ that its call centre employees have good product knowledge.

.....

 [3]

(d) Calculate AZ’s gross profit margin for 2021.

Show your workings

Answer

[2]

(e) Explain **one** way technology might affect production at AZ.

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 [2]

- (f) (i) Analyse **one** advantage and **one** disadvantage to AZ of operating as a multinational company.

Advantage

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Disadvantage

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[6]

(ii) Recommend whether AZ should continue to operate as a multinational company.

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..... [3]

Text 3

Glorious Kitchens Ltd

Glorious Kitchens (GK) is a private limited company based in Brighton. The company makes and fits high-quality, luxury wooden kitchens throughout the south-east of England. Its most popular range is the Deluxe.

The average price of a Deluxe kitchen is £15 000 including fitting. GK calculates its fixed costs for the year to be £250 000 and its variable costs for the Deluxe to be £6380, which means they need to sell 29 kitchens to break even.

GK is concerned about the future economic climate and its possible impact on the company's sales. It is predicted that there will be a fall in consumer incomes in the south-east of England until 2025. Unemployment in the south-east of England is forecast to follow the trend shown in **Table 1**.

Table 1

	Unemployment rate
2022	4.0%
2023 (forecast)	3.7%
2024 (forecast)	3.4%
2025 (forecast)	3.1%

Financial data for GK at the end of 2022 is shown in **Table 2**.

Table 2

Net profit	£425 000
Cash at the bank	£60 000
Loans taken out by GK	£1 500 000
Donations to food banks in Brighton	£8 500

(a) State **one** reason why cash is important to a business.

.....
 [1]

(c) (i) Analyse **one** impact on GK of the predicted fall in consumer incomes.

..... [3]

(ii) Analyse **one** impact on GK of the forecast change in the unemployment rate shown in **Table 1**.

..... [3]

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END OF QUESTION PAPER

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