Oxford Cambridge and RSA

# Friday 16 May 2025 – 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 | | | | | | Candidate number | | | | |

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.

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## Section A

**1** Which is **not** an example of ethical behaviour for a restaurant?

**A** Donating left-over food to charity

**B** Employing young children as waiters

**C** Ensuring ingredient suppliers are paid on time

**D** Paying the chef more than the average wage

Your answer ☐ **[1]**

**2** One advantage for a business of automating its operations is:

**A** higher maintenance costs

**B** improved quality

**C** lower productivity

**D** no training will be required

Your answer ☐ **[1]**

**3** Consumer law requires manufacturers to produce goods which are:

**A** ethical

**B** popular

**C** profitable

**D** safe

Your answer ☐ **[1]**

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**4** Since changing to a cheaper milk supplier six months ago, a cheesemaker has received an increasing number of complaints about the taste of the cheese. The business is now losing customers.

Which action would help the cheesemaker deal with this problem?

**A** Contacting the current milk supplier to negotiate further price discounts

**B** Explaining on social media that the business needs to use cheaper milk

**C** Putting up signs that say the recipe for the cheese has not changed

**D** Switching to another supplier that can provide the correct quality of milk

Your answer ☐ **[1]**

**5** Which source of finance allows goods to be obtained without immediate payment to the supplier?

**A** Crowdfunding

**B** Overdraft

**C** Sale of assets

**D** Trade credit

Your answer ☐ **[1]**

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**6** An extract from a shop's cash flow forecast for July is shown below.

| | **July** |
|---|---|
| | **£** |
| **Total inflow** | 188 000 |
| **Total outflow** | 193 500 |
| **Opening balance** | –2 300 |
| **Closing balance** | |

The shop's closing balance for July is expected to be:

**A** –£7800

**B** –£3200

**C** £3200

**D** £7800

Your answer ☐ **[1]**

**7** Which task is likely to be part of the role of procurement at a hotel?

**A** Analysing room occupancy figures

**B** Cleaning the bedrooms

**C** Greeting guests on arrival

**D** Ordering toiletries and towels

Your answer ☐ **[1]**

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**8** Last year a building firm sold six houses at an average price of £300 000 per house. The costs for the business were:

- variable costs = £32 000 per house
- fixed costs = £130 000 per calendar month.

Last year the building firm made a profit of:

**A** £48 000

**B** £138 000

**C** £208 000

**D** £1 478 000

Your answer ☐ **[1]**

**9** The finance department of Clabton Products Ltd has failed to authorise a large payment owed to their logistics supplier.

The **most** likely consequence of this is:

**A** deliveries to customers may be delayed

**B** less storage space may be needed

**C** staff training opportunities will be reduced

**D** Clabton Products Ltd will need a bank loan

Your answer ☐ **[1]**

**10** Financial data for a sole trader who makes guitars is shown below.

- Fixed costs = £9435 per year
- Variable costs = £35 per guitar
- Selling price = £120 per guitar

How many guitars does the sole trader need to make and sell in a year to cover total costs?

**A** 61

**B** 79

**C** 111

**D** 273

Your answer ☐ **[1]**

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**11** Ariel and Umi are business partners. They have some important decisions to make about their business. They have produced cost and revenue data for the business' first four years of trading.

| | Year 1 | Year 2 | Year 3 | Year 4 |
|---|---|---|---|---|
| **Raw material costs** | £25 000 | £28 000 | £31 000 | £35 000 |
| **Other costs** | £12 000 | £15 000 | £18 000 | £20 000 |
| **Revenue** | £12 000 | £24 000 | £32 000 | £40 000 |

This data is useful to Ariel and Umi when making business decisions because it shows that the business:

**A** gained market share in all four years of trading

**B** has not reached its break-even quantity in any of its first four years

**C** made a small net profit in Year 3 and a larger net profit in Year 4

**D** needs an overdraft

Your answer ☐ **[1]**

**12** A book shop has a gross profit margin of 60%.

This means that:

**A** for every £1000 of books sold, the shop made a gross profit of £400

**B** for every £1000 of gross profit, the cost of the books sold was £600

**C** for every £1000 of gross profit, the shop had revenues of £600

**D** for every £1000 of revenue, the cost of the books sold was £400

Your answer ☐ **[1]**

**13** A crisp manufacturer is considering shortening its supply chain.

What is **most** likely to encourage the crisp manufacturer's shareholders to vote for this course of action?

**A** The ability to recall unpopular flavours

**B** The chance to increase the cost of ingredients

**C** The opportunity to increase risks to reputation

**D** The possibility of gaining high financial rewards

Your answer ☐ **[1]**

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**14** Sales figures for a sole trader for the last three years are shown below.

| **Year** | **2022** | **2023** | **2024** |
|---|---|---|---|
| **Quantity of units sold** | 13 000 | 12 000 | 16 000 |
| **Selling price** | £1.00 | £1.50 | £2.00 |

The sole trader is completing an application form for a bank loan. The form asks for the business' average revenue over the last three years.

What figure should the sole trader put on the form?

**A** £13 667

**B** £21 000

**C** £21 750

**D** £42 000

Your answer ☐ **[1]**

**15** The concept of quality requires a plumber to mend a leaking toilet:

**A** as soon as possible

**B** in the simplest way possible

**C** to a reasonable standard

**D** with reasonable care

Your answer ☐ **[1]**

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## Section B

**16**

**Text 1**

**Dr Martens plc**

Adapted from www.drmartensplc.com/sustainability/ and www.drmartensplc.com/sustainability/product/. Item removed due to third party copyright restrictions.

In 2023 DM's accounts showed the data below.

**Fig. 1 Selected financial data for Dr Martens plc 2023**

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**(a)** State **two** production processes.

1 .....

2 .....

**[2]**

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**(b)** State **two** reasons why a business may aim to be environmentally friendly.

1 .....

2 .....

**[2]**

**(c)**

**(i)** Calculate DM's net profit margin for 2023 to two decimal places.

Show your workings.

..... %

**[2]**

**(ii)** Analyse **one** reason for DM of using the financial data in **Fig. 1** to make decisions about how to meet its sustainability objectives.

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**(d)** Explain **one** way climate change may affect a business.

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**(e)**

**(i)** Analyse **one** disadvantage for DM of changing the supply chain for leather to meet its sustainability objectives.

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**(ii)** Analyse **one** advantage for DM of changing its packaging to meet its sustainability objectives.

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**(iii)** Recommend which of the two sustainability objectives (the supply of leather or the change in packaging) DM should prioritise.

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**17**

**Text 2**

**ROME-ing Pizza**

Riley set up ROME-ing Pizza as a sole trader in 2022. They sell pizzas from a converted caravan at festivals, markets and private events.

Riley is concerned about how the costs of running the caravan have increased. Riley also wants to buy a new coffee machine for the caravan. They have researched the costs and incomes involved.

The data Riley collected is shown in Figs. 2, 3 and 4.

**Fig. 2**

**Annual variable costs in 2022 = £114 000**

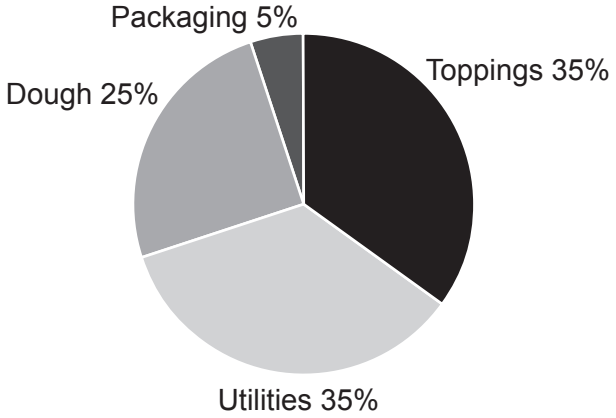


**Fig. 3**

**Annual variable costs in 2024 = £118 500**

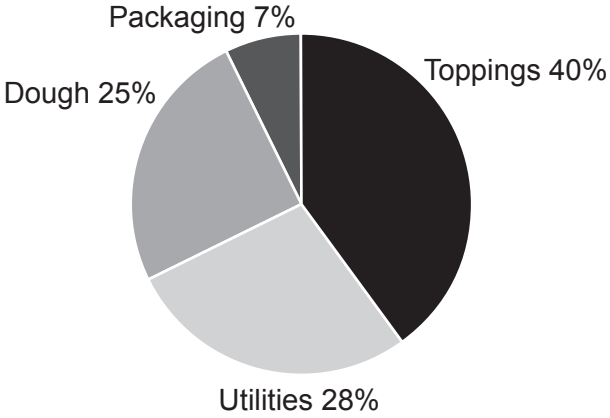


**Fig. 4 Income and costs for the new coffee machine**

| | |
|---|---|
| **Expected income over five years** | £36 250 |
| **Cost of the coffee machine** | £7 000 |
| **Number of years of use** | 5 |

Riley is also thinking about the future of the business. They have the opportunity to open a restaurant in the town centre and stop using the caravan. They are unsure if this is the right thing to do.

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

..... **[1]**

**(b)** State **two** advantages to a business of having an overdraft.

1 .....

2 .....

**[2]**

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**(c)**

**(i)** Explain why cash is important to a business.

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..... **[2]**

**(ii)** Calculate the average rate of return (ARR) for the new coffee machine.

Show your workings.

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**[3]**

**(iii)** Analyse the change in the cost of the pizza dough between 2022 and 2024.

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**(d)**

**(i)** State **two** factors that influence where to locate a business.

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**[2]**

**(ii)** Discuss whether Riley should relocate to a restaurant or continue to operate from the caravan.

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**18**

**Text 3**

**Gymshark Ltd**

Adapted from www.computerweekly.com/news/366555332/Gymshark-turns-to-Google-Cloud-for-infrastructure-revamp-and-generative-AI-trials and www.retailgazette.co.uk/blog/2022/10/gymshark-ben-francis-ipo-sale/ and uk.gymshark.com/pages/about-us and en.wikipedia.org/wiki/Gymshark a

**(a)** State **one** method of selling.

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**(b)** Analyse **one** likely impact on Gymshark Ltd's customer service of using technology such as Artificial Intelligence (AI) within its app.

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**(c)** Analyse **one** advantage for Gymshark Ltd of operating as a multinational company (MNC).

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**(d)**

**(i)** Analyse **one** advantage and **one** disadvantage for Gymshark Ltd of raising additional finance by issuing shares.

Advantage .....

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Disadvantage .....

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**[6]**

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**(ii)** Recommend whether Gymshark Ltd should use a share issue or retained profit to fund future expansion.

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**(e)*** Evaluate whether the economic climate is likely to affect Gymshark Ltd's marketing decisions. **[9]**

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**END OF QUESTION PAPER**

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