Oxford Cambridge and RSA

Wednesday 5 June 2024 – 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. If you need extra space use the lined pages at the end of this booklet. The question numbers must be clearly shown.
- 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 an advantage for a manufacturer of using robotics?

A Greater productivity

B Initial investment cost

C Operatives will require training

D Will not break down

Your answer ☐ **[1]**

2 In 2023 a business sold 22 million items at an average price of £0.75 per item. Its total costs for the year were £13.5 million.

The business made a net profit of:

A £3 million

B £16.5 million

C £1636.5 million

D £1650 million

Your answer ☐ **[1]**

3 A manufacturer that makes and sells more than its break-even quantity will:

A have insufficient revenue to cover costs

B make a profit

C need to improve its quality control

D require an overdraft

Your answer ☐ **[1]**

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4 Which would be variable costs for a building firm?

A Administrative and legal expenses

B Bricks and roof tiles

C Business rates and buildings insurance

D Cement mixers and tools

Your answer ☐ **[1]**

5 What has **not** contributed to increased globalisation?

A A reduction in shipping costs due to bulk containerisation

B An increase in labour migration worldwide

C Restrictions on international trade

D The internet and mobile communication technologies

Your answer ☐ **[1]**

6 A company has recently experienced a fall in its net profit margin from 4.2% to 2.9%.

This means that:

A every £100 of sales earns £1.30 less net profit than it used to

B for every £100 of sales the company only earns £1.30

C net profit levels have fallen by 1.3%

D the company has made a net loss of 1.3%

Your answer ☐ **[1]**

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7 Zayn is the owner of an established business that makes heated gloves. The business has recently experienced an increase in product returns.

Which of the following would help Zayn deal with this problem?

A Giving a bonus to the employee who sews the most gloves each month

B Improving quality checks to ensure every glove heats up correctly

C Researching other types of heated clothing that the business could make

D Segmenting the market by age, gender and lifestyle

Your answer ☐ **[1]**

8 Sam is a finance assistant for a national taxi firm.

Which task is **most** likely to be part of Sam's job role?

A Phoning garages to negotiate vehicle servicing at reduced prices

B Posting discount codes on social media for pre-booked journeys

C Producing spreadsheets analysing quantitative market research data

D Providing cost data to help decide when to purchase new vehicles

Your answer ☐ **[1]**

9 In the context of business operations, what does the phrase 'proximity to market' refer to?

A Advertising the business specifically to those who live in the local area

B Locating a business close to its potential customers

C Only employing workers who are part of the local community

D Working on a site that is close to a source of raw materials

Your answer ☐ **[1]**

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10 The table below shows a company's total costs over the last four years.

	2020	2021	2022	2023
Operating costs	£200 000	£170 000	£280 000	£320 000
Other costs	£40 000	£30 000	£30 000	£40 000

The percentage change in the company's total costs from 2020 to 2023 was:

A 33%

B 37.5%

C 50%

D 60%

Your answer ☐ **[1]**

11 The role of procurement for a car manufacturer might involve:

A advertising a new range of electric vehicles

B negotiating deals with car showrooms

C receiving deliveries of tyres and windscreens

D testing the brakes of every new car

Your answer ☐ **[1]**

12 The bank statement for an established firm shows that it ended 2023 close to its overdraft limit with an overdrawn balance of £5000. The firm's accounts show a profit of £44 000 for the year ending 31 December 2023.

These figures show that:

A an accounting error has been made because the firm is not profitable

B at least £49 000 must have been stolen from the firm's bank account

C despite being profitable, the firm may be unable to pay its short-term debts

D the firm is unlikely to experience cash shortages and is highly profitable

Your answer ☐ **[1]**

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13 A market trader paid £4600 for goods which they sold for £12 500.

The market trader's gross profit margin was approximately:

A 37%

B 63%

C 79%

D 172%

Your answer ☐ **[1]**

14 An entrepreneur has invested £150 000 to start up their own business. Their expected average rate of return is 10% per annum for the first three years.

Over the first three years of trading, the entrepreneur should expect to make:

A average profits of £45 000 per year

B average profits of £135 000 per year

C profits totalling £15 000

D profits totalling £45 000

Your answer ☐ **[1]**

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15 A well-known restaurant chain is reviewing its business performance. Financial data about two of its recent advertising campaigns are shown below.

Advertising campaign	Weekly cost of running the campaign	Average weekly sales		
		Before the advertising campaign	During the advertising campaign	After the advertising campaign
A	£3 million	£4 million	£6 million	£4 million
B	£0.6 million	£4 million	£5 million	£5 million

This data helps the company understand its business performance because it shows that:

A both advertising campaigns were cost effective

B campaign A was cost effective, but campaign B was not

C campaign B was cost effective, but campaign A was not

D neither of the advertising campaigns were cost effective

Your answer ☐ **[1]**

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Section B

16

Text 1

Unilever plc

Unilever plc is a multinational company that makes and sells a wide range of quality products including food, cleaning agents and beauty products across 190 countries.

Unilever plc has benefitted from operating in a global marketplace and the majority of its products are international brands. Some of its branded products include Lynx Body Spray, Dove Soap, Hellmann's Mayonnaise, Ben & Jerry's ice cream and Persil washing machine detergent. All of these products are made in factories all around the globe, some using flow production and others using batch production.

Unilever plc's average revenue has grown over the last five years. However, the economic climate is becoming more difficult and Unilever plc's directors are having to adapt to these challenges.

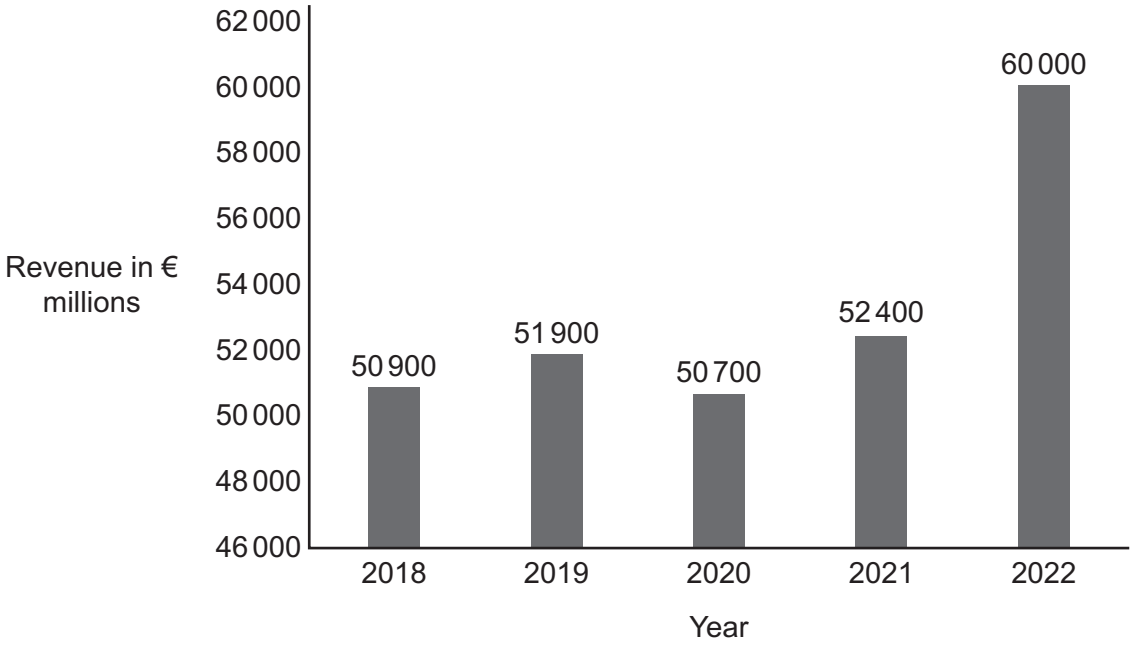

Fig. 1 Unilever plc worldwide revenue from 2018 to 2022

(a) Identify **two** characteristics of flow production.

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2 .....

[2]

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(b) Analyse **one** way the marketing function impacts on the operations function of Unilever plc.

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(c)
(i) Calculate Unilever plc's average revenue from 2019 to 2022.

Answer .....

[2]

(ii) Explain **one** way revenue affects a business' decision making.

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(d) Explain how operating in a difficult economic climate might affect a business.

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(e)

(i) State what is meant by international branding.

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(ii) Evaluate the benefits of international branding to Unilever plc.

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Text 2

The Sea View Hotel

The Sea View Hotel is a profitable hotel located near the coast. Anika and Charlie own the hotel in a business partnership. They are now considering opening a second hotel in a town further along the coast. It would cost them £1.5 million to buy the property and £0.5 million for redecoration.

To fund the £2 million expansion, the partners are considering getting a bank loan or accepting a new partner into the business. The partnership already has one bank loan but has worked out it can afford a second loan as long as the cost of borrowing does not rise too much.

If Anika and Charlie decide to take on a new partner, they would like to ask Finley, a friend of Anika's who has just returned to the UK from travelling around the world. Finley is currently unemployed but is a keen photographer and environmental campaigner.

Anika has forecasted the following revenues and costs for the proposed 25-room hotel:

- selling price: £100 a day per room
- fixed costs: £6300 per week
- variable costs: £40 a day per room.

(a) Identify **one** reason, other than expansion, why a business needs finance.

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

(b)
(i) Explain why profit is important to a business' future.

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(ii) Calculate the **daily** break-even quantity for the proposed hotel.

Answer ..... rooms

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(iii) Analyse **one** disadvantage to the partnership if the proposed hotel's fixed costs were 10% higher than expected.

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(c) Identify **two** uses of a cash flow forecast to a business.

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(d)

(i) Analyse **one** advantage to the partnership of taking on Finley as a new partner to fund the proposed hotel.

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(ii) Analyse **one** disadvantage to the partnership of taking on Finley as a new partner to fund the proposed hotel.

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(iii) Recommend whether the partnership should take on Finley as a new partner or use a bank loan to fund the proposed hotel.

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Text 3

Primark Ltd

Primark Ltd is a fashion retailer that sells clothing and homeware at prices lower than most other retailers. The company is aware of the importance of consumer law and of having low-cost suppliers.

Primark Ltd started to sell its products online in 2022. After changes in buying habits and pressure from customers, in 2022 Primark Ltd launched an online click and collect service for shoppers.

Primark Ltd is very aware of the need to have ethical suppliers. The following ethical factors are among those important to Primark Ltd:

- giving clothes a longer life by using material from sustainable sources
- encouraging its supply chain to pay a living wage and look after the health and well-being of their workers.

(a) Identify **one** factor which can affect the quality of a business' products.

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(b) Analyse **one** impact of consumer law on Primark Ltd.

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(c) Analyse **one** benefit for Primark Ltd of having low-cost suppliers.

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(d)

(i) Analyse **one** advantage and **one** disadvantage to Primark Ltd of offering an online click and collect service for shoppers.

Advantage .....

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Disadvantage .....

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(ii) Recommend whether Primark Ltd should continue to offer an online click and collect service for shoppers.

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(e*) Evaluate whether Primark Ltd's use of ethical suppliers comes into conflict with its shareholders' objectives.

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END OF QUESTION PAPER

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EXTRA ANSWER SPACE

If you need extra space use these lined pages. You must write the question numbers clearly in the margin.

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