



SPECIMEN MATERIAL

Please write clearly, in block capitals.

Centre number

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Candidate number

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Surname

Forename(s)

Candidate signature

GCSE BUSINESS

Paper 2

Specimen 2016

Morning Time allowed: 1 hour 45 minutes

Materials

For this paper you must have:

- a calculator.

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box, around each page or on blank pages.
- Do all rough work in this answer book. Cross through any work you do not want to be marked.

Advice

- The marks for each question are shown in brackets.
 - The maximum mark for this paper is 90.
-

Section A

Answer **all** questions in the spaces provided

For questions with four responses only **one** answer per question is allowed.

For each answer completely fill in the circle alongside the appropriate answer.

CORRECT METHOD  WRONG METHODS    

If you want to change your answer you must cross out your original answer as shown. 

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown. 

0 1 . **1** Which of the following is an example of an asset?

- A Cash in the bank ☐
- B Long term bank loan ☐
- C Mortgage ☐
- D Overdraft ☐

[1 mark]

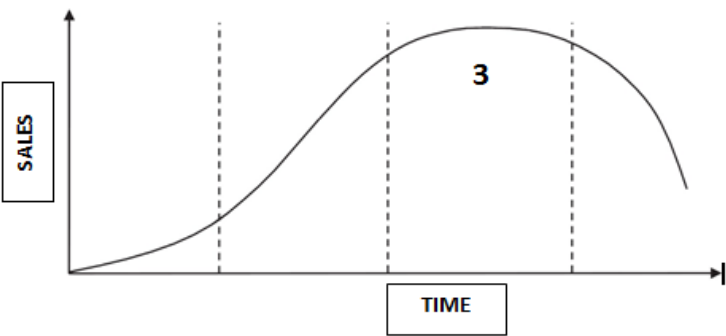
0 1 . **2** Which of the following is a method of secondary market research?

- A Feedback from suppliers ☐
- B Focus groups ☐
- C Newspapers ☐
- D Telephone surveys ☐

[1 mark]

0 1 . 3

The product life cycle shows sales of a product over time. What is stage 3 called?



- A Decline ☐
- B Growth ☐
- C Introduction ☐
- D Maturity ☐

[1 mark]

0 1 . 4

What are the features of a 'star' in the Boston Matrix?

- A High market share in a fast-growth market ☐
- B High market share in a low-growth market ☐
- C Low market share in a fast-growth market ☐
- D Low market share in a low-growth market ☐

[1 mark]

Question 1 continues on the next page

01 . 5 Which of the following is an example of quantitative market research?

- A** A magazine article reviewing a new product ☐
- B** Consumers' individual opinions about the tastes of a product ☐
- C** Figures showing the sales of a product ☐
- D** Personal views on the packaging of a product ☐

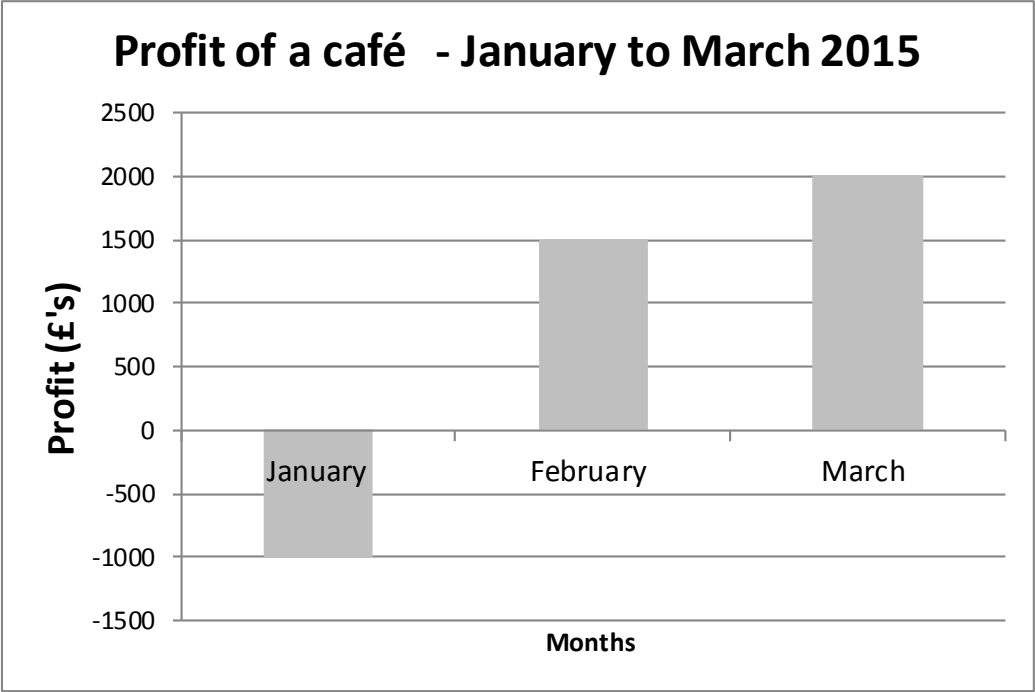
[1 mark]

01 . 6 Which of the following is an internal source of finance?

- A** Government Grants ☐
- B** Loan ☐
- C** Overdraft ☐
- D** Retained Profit ☐

[1 mark]

Figure 1



0 1 . 7

Calculate the average monthly profit made by the café between January and March 2015. Show all workings. Give your answer to the nearest pound (£).
[2 marks]

Question 1 continues on the next page

01 . 8

Explain **one** way in which a business can segment the market.

[2 marks]

01 . 9

Explain **one** reason why someone might want to start up their own business.

[2 marks]

01 . 10

Explain **one** disadvantage of using an overdraft as a source of finance.

[2 marks]

0 1 . 11 Explain, using **one** business example, the meaning of the tertiary sector.

[2 marks]

0 1 . 12 Explain **one** objective which a business may set.

[2 marks]

0 1 . 13 Explain how a business can use outsourcing.

[2 marks]

End of Section A

Turn over for Section B

Section B
Answer **all** questions in this section.

0 2

Item A – Party planning

Sonya has been working for a large business selling party products.

She recently organised a party for her daughter. Sonya’s friends were so impressed they have asked her to organise parties for their children.

Sonya visited a local play group to carry out primary market research. She asked 40 parents there to complete a survey. Sonya wanted to find out if these parents would pay her to organise a party for their children. The results of two questions are below.

Question 1 – On average how much do you spend on your child’s party.

Options	Less than £250	£251–£500	£501–£750
Number that choose the option	5	20	15

Question 2 – Would you use a party planner?

Options	Yes	No
Number that choose the option	27	13

Sonya believes she has identified a gap in the market for organising children’s parties and is planning to start her own business.

0 2 . 1

Analyse **one** benefit of Sonya completing primary market research.

[6 marks]

0 2 . 2

Sonya is considering two methods of promoting her new business.

- Flyers – 10 000 professionally printed colour A5 flyers which Sonya will design herself at home and deliver to houses in the local area costing £200
- Poster – a professionally designed and printed large poster to be displayed in a local health club. For £850 the poster would be put up in the café next to their soft play area for 12 months.

Recommend which is the better option for Sonya to take. Give reasons for your advice.

[9 marks]

Item B – Bambino Parties

Sonya has been running Bambino Parties for two years. Last year she made a profit of £8 000 and now wants to increase the number of parties by 20%.

A friend recently started to work for Sonya on a part time basis. She designs backgrounds for parties and these have proved very popular. Her friend has asked if she can become a partner in Bambino Parties. She is willing to invest £3000 into the business in return for 50% of the profits and will work full time to help expand the business.

When Sonya takes a booking for a party she asks for a 10% deposit and then receives the rest of the agreed price after the party. Her suppliers, people who provide venues, catering, and birthday cakes, expect to be paid in advance. She is worried about the effect this will have on cash flow.

Sonya has produced a cash flow forecast.

Figure 2

	June £	July £	August £	September £
Total Income	5 000	11 100	9 200	11 600
Total Expenses	8 100	7 100	9 800	7 900
Balance brought forward	(1 300)	(4 400)	(400)	(1 000)
Balance carried forward	(4 400)	(400)	(1 000)	2 700

02 . 3

Explain **one** way Sonya could improve her cash flow problems.

[4 marks]

0	2	.	5
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Sonya wants to have a website designed to promote her business, this will cost £4 800. She is considering the following two options to pay for the website:

- A bank loan for £4 800 to be repaid over 2 years
- Take her friend on as a partner.

Recommend which is the better option for Sonya to take. Give reasons for your advice.

[9 marks]

[illegible]

End of Section B

Turn over for Section C

Section C
Answer **all** questions in this section.

0 3

Item C – Apple Inc

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0 3 . **1**

Explain why Apple would choose to spend millions of dollars to promote the Apple Watch.

[4 marks]

Question 3 continues on the next page

Adapted from Apple Inc
Extract of Income Statement for the year ending September 2015

Apple have estimated that their sales will increase by 10% in 2016 but profits will not change.

Formula

[illegible]

03 . **3** Explain **two** benefits of developing new products for a business.

[4 marks]

Benefit 1

Benefit 2

Question 3 continues on the next page

Item D – Apple Inc

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03 . 4

Analyse the benefit to Apple of using price skimming for the iPhone 6s.

[6 marks]

0	3	.	5
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Analyse how effective using an extension strategy to extend the product life cycle of the iPhone would be for Apple.

[6 marks]

[illegible]

Question 3 continues on the next page

Item E – Apple Inc

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03 . 6

Analyse the impact on Apple of moving production facilities to China. In your answer you should consider:

- Ethical considerations
- Financial implications

You must evaluate which area has seen the biggest impact. Use evidence to support your answer.

[12 marks]

END OF QUESTIONS

There are no questions printed on this page

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