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OCR
Oxford Cambridge and RSA

Friday 26 November 2021 – 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

Answer **all** the questions.

1 The concept of 'quality' requires a business to:

A produce goods that are better than the competition

B produce goods that are reasonably priced

C provide services that are fit for purpose

D provide services that are value for money

Your answer ☐ **[1]**

2 Geoff, a sole trader, owns a second-hand book shop. Despite being well advertised and selling reasonably priced products, the shop has difficulty retaining customers.

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

A Advertise other second-hand book shops in the area

B Close the shop early on weekdays in the school holidays

C Improve customer service by being friendly and polite

D Offer a free book to new customers who spend over £5

Your answer ☐ **[1]**

3 Shanco plc has managed to reduce its transport costs from £0.7 million in 2019 to £0.6 million in 2020.

What percentage reduction in transport costs has Shanco plc achieved?

A 6%

B 7%

C 14.3%

D 16.7%

Your answer ☐ **[1]**

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4 An assistant serves a customer who has come into the post office to top-up their mobile phone credit.

This is an example of:

A after-sales service

B e-commerce

C face to face selling

D telesales

Your answer ☐ **[1]**

5 Hugh works in procurement at a factory that makes jeans.

Which of the following would **not** be part of Hugh's job role?

A Choosing a supplier of zips and buttons

B Ordering printer paper and ink cartridges

C Receiving delivery of threads and fabrics

D Sewing the size label on to the waistband

Your answer ☐ **[1]**

6 Kim is a driving instructor. Kim charges £30 for a one-hour lesson. Her fixed costs are £14 000 per annum. The variable cost for a one-hour lesson is £6.

How many one-hour lessons will Kim need to give before making a profit?

A 389 lessons

B 467 lessons

C 584 lessons

D 2334 lessons

Your answer ☐ **[1]**

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7 Which of the following would be an example of a quality assurance activity for a car manufacturer?

A Driving every tenth car to test that the brakes are working correctly

B Holding a meeting with production operatives on how to improve the manufacturing process

C Increasing the amount of money that the operations function can spend

D Visually inspecting two cars of each colour for defects in the paintwork

Your answer ☐ **[1]**

8 Which business function is responsible for supporting business planning by anticipating periods of cash shortages?

A Finance

B Logistics

C Procurement

D Sales

Your answer ☐ **[1]**

9 An extract from Pia's Diner's cash flow forecast for July is shown below.

	July
	£
Total inflow	?
Total outflow	13500
Net cash flow	–1900
Opening balance	–2300
Closing balance	–4200

Pia's Diner's total inflow for July is expected to be:

A £7000

B £9300

C £11 200

D £11 600

Your answer ☐ **[1]**

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10 International branding requires a business to:

A advertise online

B ignore religious differences

C sell its goods in every country

D take account of cultural differences

Your answer ☐ **[1]**

11 Which one of the following is a benefit of locating a tomato farm near to a ready supply of labour?

A Ease of recruitment of tomato pickers

B Personal contact with supermarket buyers

C Sales of fresh tomatoes are likely to increase

D The tomatoes will not need to be transported

Your answer ☐ **[1]**

12 Financial data for Tictal Ltd in 2020 is shown below.

Revenue	£180 000
Cost of sales	£45 000
Expenses	£36 000

Tictal Ltd's gross profit margin in 2020 was:

A 25%

B 45%

C 55%

D 75%

Your answer ☐ **[1]**

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13 A business wishes to be known as an ethical employer.

Which of the following is **not** an example of ethical treatment of the workforce?

A Allowing flexible working

B Paying high wages

C Providing good working conditions

D Using robotics

Your answer ☐ **[1]**

14 An advertising agency wishes to upgrade its design software at a cost of £60 000. The net cash flow generated by the software for each of the next two years is forecast to be £60 000.

Assuming the forecasted figures are correct, the average rate of return for this upgrade will be:

A 33%

B 50%

C 67%

D 100%

Your answer ☐ **[1]**

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15 To support Padre Stores Ltd's decision making, quarterly revenue data in 2020 has been calculated for each of the company's three stores.

Revenue in 2020:	Store A	Store B	Store C
Q1: Jan–Mar	£42 000	£58 000	£65 000
Q2: Apr–Jun	£48 000	£60 000	£50 000
Q3: Jul–Sep	£52 000	£58 000	£40 000
Q4: Oct–Dec	£60 000	£60 000	£60 000

The data shows that:

A average revenue per store in Q2: Apr–Jun was £39 500

B store A had an average revenue of £50 500 per quarter

C store C took more revenue in 2020 than either of the other two stores

D total revenue in Q1: Jan–Mar was better than in any other quarter

Your answer ☐ **[1]**

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SECTION B

Answer **all** the questions.

16

Text 1

Barclays plc

Increased globalisation has led to more firms becoming multinational companies. Barclays plc is a multinational banking company. Its headquarters are in London. One of the bank's core values is integrity – it tries to act fairly, ethically and openly in all it does.

Barclays plc's personal banking division provides banking services to the general public. These services include providing a place to save and borrow money, as well as a place where customers can obtain advice on financial matters. In 2020 Barclays plc had 24 million UK personal banking customers.

Banks are typically among the first industries to embrace technological advances. Barclays plc has been able to make use of e-commerce by selling loans, savings accounts and insurance through its websites. The bank has also invested in computer technology to provide online banking services to its customers. Online banking services allow customers to access their bank accounts on the Internet. Customers can carry out banking transactions, pay off credit cards or deposit savings 24 hours a day, worldwide. Online banking is one of the fastest growing areas of Internet activities, see **Fig. 1**, below.

Percentage of UK banking customers who use online banking

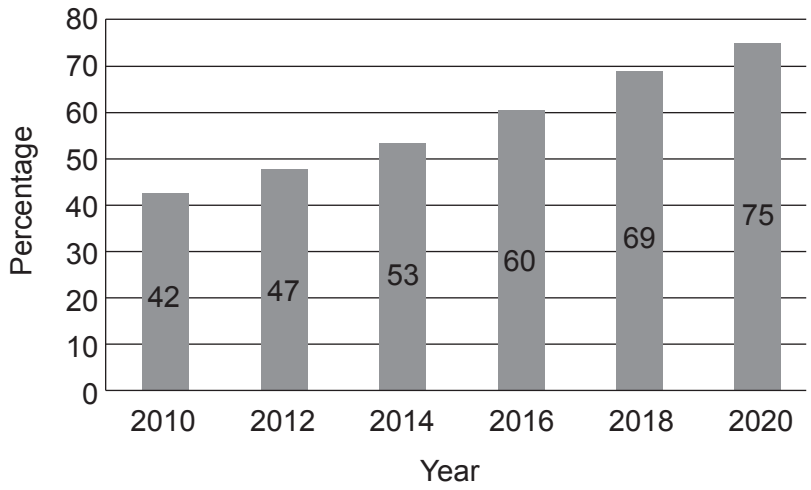

Fig. 1

(a) **(i)** Identify **two** factors that have led to increased globalisation.

Factor 1 .....

Factor 2 .....

[2]

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(ii) Explain **one** possible advantage to a business of operating as a multinational.

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

(b) **(i)** Calculate, using the figures shown in **Fig. 1**, the number of Barclays plc's UK personal banking customers who are likely to have used online banking in **2020**.

Show your workings.

Answer .....

[2]

(ii) Identify **two** impacts that e-commerce might have on business activity.

Impact 1 .....

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Impact 2 .....

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[2]

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(c) Analyse **one** way Barclays plc could treat its customers ethically.

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(d) **(i)** Identify **two** factors that may influence whether a business invests in new computer technology.

Factor 1 .....

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Factor 2 .....

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[2]

(ii) Evaluate possible impacts on Barclays plc of investing in computer technology to provide online banking services to its customers. **[7]**

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Text 2

Ricardo Costumes and Props (RCP)

Alessia and Natalia own Ricardo Costumes and Props (RCP). The business operates as a partnership. RCP makes a range of costumes and props that it sells to UK and EU theatres, schools and amateur dramatics groups.

Last year, RCP's costumes and props were used in two very successful films. RCP's reputation grew rapidly and its revenue increased from £1 600 000 in 2019 to £2 000 000 in 2020. More financial data for RCP in 2020 is shown in **Table 1**, below.

	2020
Revenue	£2 000 000
Cost of sales	£500 000
Salaries	£1 300 000
Rent	£100 000
Other expenses	£50 000

Table 1

Despite being profitable, RCP's bank overdraft is getting bigger every month. Alessia and Natalia realise that they need to carefully consider RCP's cash flow position.

Alessia and Natalia need to update the laser cutter and 3D printer they use to make some of the props. The total cost of these machines is likely to be over £100 000. Alessia and Natalia are unsure how to finance the purchase of the new machinery. Natalia has suggested they try and sell the old machines and use the money to buy new ones. Alessia thinks it might be better to gain extra capital by finding a new partner to join the business.

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

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

(ii) Explain **one** use of a cash flow forecast in a business.

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

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(b) **(i)** Identify **two** variable costs which a business may incur.

1 .....

2 .....

[2]

(ii) Calculate RCP's **net** profit for 2020.

Show your workings.

Answer £ .....

[3]

(iii) Analyse **one** way Alessia and Natalia could use the data shown in **Table 1** to improve their net profit margin.

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(c) **(i)** Analyse **one** advantage to RCP of selling its old machines to finance the purchase of the new machinery.

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(ii) Analyse **one** disadvantage to RCP of selling its old machines to finance the purchase of the new machinery.

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(iii) Recommend whether RCP should finance the purchase of the new machinery by selling its old machines or by taking on a new partner.

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Text 3

Pukka Pies Ltd

Pukka Pies Ltd is a family-owned business with approximately 360 employees. It makes a range of high-quality savoury pies, including steak, chicken and mushroom, and chicken balti, in batches at its factory in Leicester, England. Pukka Pies are sold in more than 4000 food stores nationwide as well as in sports stadiums, fish and chip shops and cafés across the country.

Three of Pukka Pies Ltd's key values are recruiting people who are ambitious, delighting customers with quality pies, and building trust with suppliers through food safety. Each of these values helps the business meet the requirements of consumer law.

The success of Pukka Pies Ltd is affected by many factors, including its logistical and supply chain decisions. Pukka Pies Ltd procures the ingredients for its pies from businesses across the UK and overseas; consequently its supply chain is long. Nevertheless, all of these ingredients need to arrive in good condition and, therefore, its logistics are time-critical. Unemployment levels also have a significant impact on Pukka Pies Ltd.

Pukka Pies Ltd considers its environmental impact across all aspects of business activity. It has already replaced some of the non-recyclable plastics used in its packaging with alternatives that can be recycled. In addition, none of the company's waste goes to landfill.

(a) Identify **one** way consumer law protects consumers.

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(b) Analyse the benefits to Pukka Pies Ltd of using a batch production process.

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(c) Analyse **one** way falling unemployment might influence recruitment at Pukka Pies Ltd.

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(d) **(i)** Analyse the impact of each of the following on Pukka Pies Ltd:

the length of its supply chain .....

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the time-critical nature of its logistics .....

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(ii) Recommend whether the length of its supply chain or the time critical nature of its logistics has the greater impact on Pukka Pies Ltd's success.

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(e)* Evaluate how Pukka Pies Ltd's environmental considerations might influence its marketing mix. **[9]**

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