AQA

Please write clearly in block capitals.

Centre number | | | | | | Candidate number | | | | |

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Candidate signature _____

I declare this is my own work.

GCSE
BUSINESS

Paper 2 Influences of marketing and finance on business activity

Monday 12 June 2023 Afternoon 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.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- 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.

For Examiner's Use	
Section	Mark
A	
B	
C	
TOTAL	

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Section A

Answer **all** questions in the spaces provided.

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

For each question, 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 a method of secondary market research?

[1 mark]

A Focus group ⬭

B Internet research ⬭

C Interview ⬭

D Questionnaire ⬭

0 1 . 2 Which of the following describes dividing potential customers into groups based on different characteristics?

[1 mark]

A Differentiation ⬭

B Globalisation ⬭

C Integration ⬭

D Segmentation ⬭

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0 1 . 3 Which source of finance could be given to a business to create jobs in areas of high unemployment?

[1 mark]

A Government grant ⬭

B Mortgage ⬭

C Share issue ⬭

D Trade credit ⬭

0 1 . 4 Which of the following is the correct formula to calculate the margin of safety from a break-even chart?

[1 mark]

A Break-even output + planned (or actual) output ⬭

B Break-even output / planned (or actual) output ⬭

C Planned (or actual) output – break-even output ⬭

D Planned (or actual) output – total costs ⬭

0 1 . 5 Which of the following types of business ownership has shareholders, but cannot advertise its shares to the general public?

[1 mark]

A Partnership ⬭

B Private limited company ⬭

C Public limited company ⬭

D Sole trader ⬭

Question 1 continues on the next page

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0 1 . 6 Which of the following is an advantage of trade credit for a business?

[1 mark]

A Access to supplies without having to pay immediately. ⬭

B Can raise money from equipment that is not being used. ⬭

C Money does not need to be paid back. ⬭

D Suppliers are responsible for repairs and maintenance. ⬭

0 1 . 7 Identify **two** factors a business will consider before deciding on the promotional mix for its product or service.

[2 marks]

Factor 1 _____

_____

Factor 2 _____

_____

0 1 . 8 Shareholders have a key objective of profit.

Explain **one** reason why this might cause conflict with a different stakeholder group.

[2 marks]

_____

_____

_____

_____

0 1 . 9 Explain **one** problem a business might face when producing an effective business plan.

[2 marks]

_____

_____

_____

_____

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0 1 . 10 Explain **one** benefit to a business of being more environmentally friendly.

[2 marks]

0 1 . 11 **Table 1** Extract from an income statement

	£ 000
Revenue	1080
Cost of goods sold	270
Total expenses	405

Using **Table 1**, calculate the gross profit margin.

Show all workings.

[2 marks]

Workings

Answer

Question 1 continues on the next page

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0 1 . 12 State and explain **two** pricing methods that a business can use.

[4 marks]

Method 1 _____

Explanation _____

_____

_____

Method 2 _____

Explanation _____

_____

_____

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Turn over for Section B

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Section B

Answer **all** questions in the spaces provided.

0 2 **Item A: One Day Photography**

Debbie Day set up One Day Photography (ODP) after completing a photography course at a local College. ODP offers wedding photography and family photography. Her previous job had been in a supermarket, working full time from 10am to 6pm on minimum wage. This made it difficult to spend time with her family. To ensure she is available to pick her children up from school, Debbie would prefer not to travel more than an hour from her home for work.

Debbie already owned some camera equipment and decided to run the business from home. This meant she was able to set up the business quickly. Last year Debbie made enough profit to help her buy a new car, something she could not afford in her previous job.

Debbie has recently set up a social media account to promote ODP and show potential customers her photos. Many of her previous customers have started leaving reviews and the messenger function has been a great way to answer questions, although people do expect a quick response. A lot of people have 'liked' Debbie's social media posts and photos; however, she is unsure how many have gone on to make a booking.

0 2 . 1 Describe what is meant by the term 'entrepreneur'.

[2 marks]

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0 2 . 2 Debbie previously worked full time from 10am to 6pm in a supermarket.

Analyse **one** benefit to Debbie of operating ODP as a sole trader.

[6 marks]

Extra space

Question 2 continues on the next page

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0 2 . 3 Debbie is spending many hours a week updating the ODP social media account and responding to messages.

Recommend whether Debbie should continue to use social media to promote ODP.

Give reasons for your answer.

[9 marks]

Extra space

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Question 2 continues on the next page

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Item B: One Day Photography

Debbie's revenue can be unpredictable. She has received an average of two wedding bookings per week this year, but she has very few of these bookings for next year.

Table 2 Wedding information per week

Average number of wedding bookings per week	2
Average costs per wedding	£360
Average revenue received per wedding	£1800

As the wedding photography industry is very competitive, Debbie has decided to focus more on family photography. Her plan is to open a studio and upgrade her camera equipment. One of Debbie's friends is offering to lend her all the money but needs the full amount repaid within six months. Interest rates are currently low so Debbie is considering a bank loan. She could borrow the full amount and pay the money back in fixed instalments over five years. She would have to use her home as security for the bank loan.

0 2 . 4 Identify **one** current asset of a business.

[1 mark]

0 2 . 5 Explain why a unique selling point (USP) is important to a business.

[2 marks]

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0 2 . 6 Debbie charges £180 for a family photography session. The cost to ODP for each session is £60.

Using the information in **Table 2**, calculate how many sessions Debbie would need each week to equal the profit from two weddings.

Show all workings.

[4 marks]

Answer _____

Question 2 continues on the next page

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0 2 . 7 Debbie is considering a bank loan to open a studio and upgrade her camera equipment, but she would have to use her home as security. This means that if she struggled to repay the loan the bank could force her to sell the house.

Recommend whether Debbie should use a bank loan.

Give reasons for your answer.

[9 marks]

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33

Turn over for Section C

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Section C

Answer **all** questions in the spaces provided.

0 3 **Item C: Emilios**

Emilios is an ice cream shop located in St Ives in Cornwall. St Ives is a very popular town for tourists, especially in the summer. Customer satisfaction is an important objective for Emilios. The ice cream is made on site and there are over 40 flavours.

Emilios ice cream cones are produced by Cornets Ltd. Cornets Ltd used to sell directly to 50 different ice cream shops across Cornwall, delivering on average 1000 cones a week to each shop. It now sells to a large wholesaler with hundreds of customers.

Emilios has an ice cream 'flavour of the day'. One employee stands outside the shop for most of the day promoting this flavour by offering a free sample to people passing by. The ice cream samples are very popular and need replacing regularly. The free samples encourage tourists to enter the shop, however some customers have complained about the time they spend waiting to be served once inside.

0 3 . 1 Explain **one** way a business might measure its success, other than profit.

[2 marks]

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0 3 . 2 Explain **one** reason why Cornets Ltd decided to sell its ice cream cones through a wholesaler.

[4 marks]

0 3 . 3 Emilios gives away free samples of its 'flavour of the day' to boost sales.

Analyse **one** drawback of Emilios offering free samples.

[6 marks]

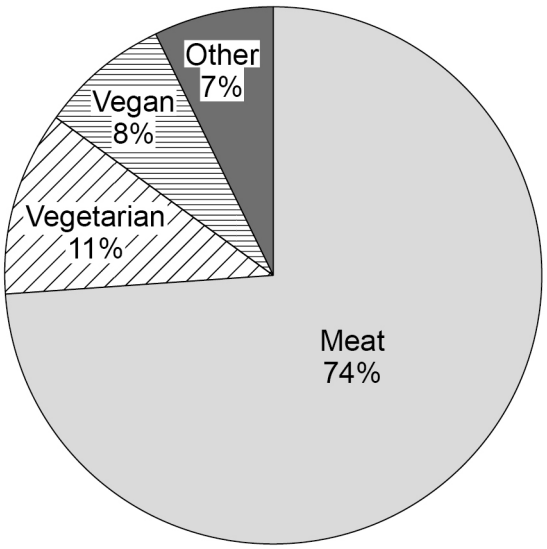
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Item D: Emilios

More people are now choosing to follow a vegan lifestyle. A vegan does not eat any foods that come from animals, including dairy products and eggs.

Figure 1 Food preferences of the UK population − 2023 forecast



Emilios is introducing a range of vegan ice cream. To produce the new ice cream, it will need to purchase more equipment. The equipment will cost £12 000 and has an estimated life of eight years. Emilios predicts that using the equipment will lead to an additional profit of £28 800 over its lifetime.

Emilios currently pays a cleaning company a fixed amount to clean the ice cream shop every evening after closing time. The ice cream shop is quiet in the mornings and sometimes Emilios' staff do not have much to do.

A low-cost supermarket chain has recently opened in a nearby town. The supermarket is known for its cheap 'value' range of foods. The supermarket sells all the ingredients Emilios uses to make its ice cream. Emilios has calculated that the cost of buying its ice cream ingredients from the wholesaler has increased by 25% over the last two years.

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0 3 . 4 The UK population is forecasted to be 68.26m in 2023.

Using **Figure 1**, calculate the predicted number of vegans in the UK in 2023.

Show all workings.

Give your answer to **two** decimal places.

[2 marks]

Workings _____

_____

_____

_____

Answer _____

0 3 . 5 Using **Item D**, calculate the average rate of return for the new equipment if Emilios purchases it.

State the formula for the average rate of return and show your workings.

[5 marks]

Formula _____

_____

Workings _____

_____

_____

_____

_____

Answer _____ %

Question 3 continues on the next page

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0 3 . 6 Emilios is looking to maintain standards at the ice cream shop while reducing costs.

Analyse **one** action Emilios could take to reduce its costs.

[6 marks]

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Item E: Emilios

St Ives is a seaside resort. It is very popular in the spring and summer but has lower visitor numbers from October to February. Emilios needs to increase its sales during these months.

A local successful restaurant chain has asked Emilios to develop and produce a new range of ice cream desserts which it would sell in its eight large restaurants across Cornwall. The restaurant chain would promote Emilios by adding its logo to the menu. The restaurant chain has offered to sell the desserts for a two-week trial period. If sales are good, then the desserts will stay on the menu. Emilios will receive half of the price the restaurant chain charges its customers.

Another option is for Emilios to open an ice cream shop in a nearby town from October to February. Emilios would sell its current popular range of ice cream in the new shop. The town centre has many popular high street stores and is very busy at Christmas time. However, it can be very quiet in January and February. There are already two successful ice cream shops on the town's high street.

0 3 . 7 Emilios wants to increase sales revenue during the winter months. It is considering **two** options to achieve this. Both options will cost the same to set up. The options are:

- develop a new product range of ice cream desserts to sell to the restaurant chain
- expand by opening an ice cream shop in the town centre.

Analyse the effect of **each** of these **two** options on Emilios.

Evaluate which of these **two** options will have the biggest impact on **sales revenue** for Emilios.

[12 marks]

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