#### SPECIMEN MATERIAL

Please write clearly, in block	itals.
Centre number	Candidate number
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.

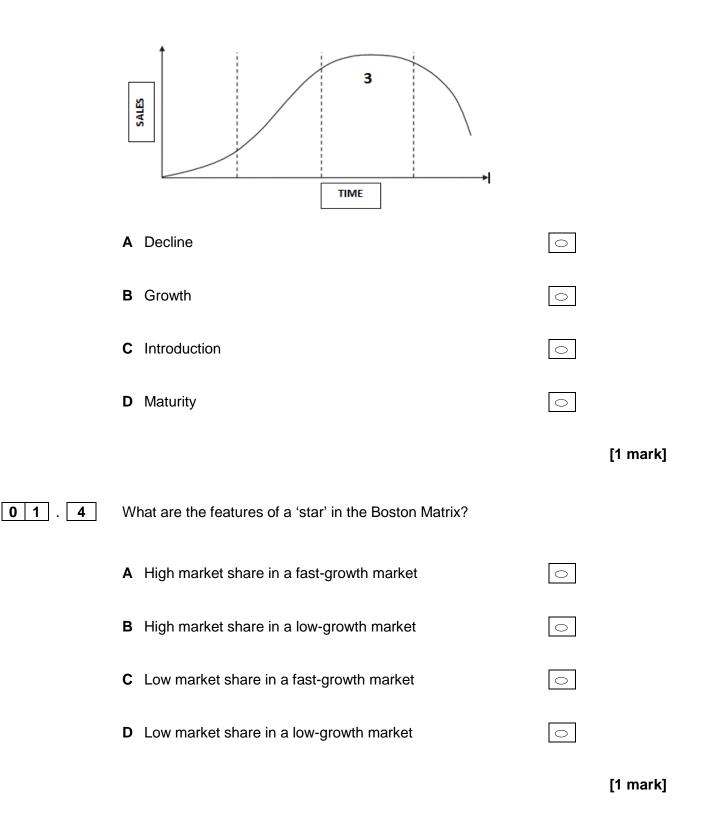
#### Advice

- 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

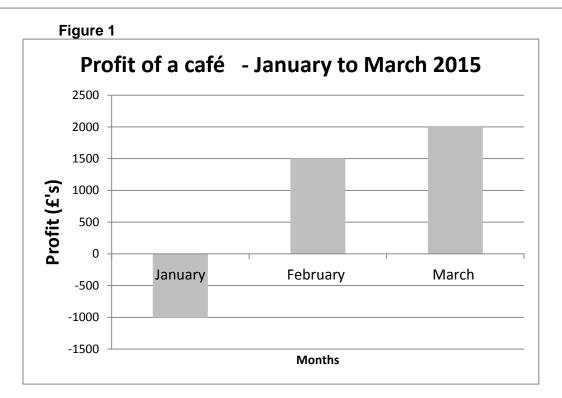
For questions v	with four responses only <b>one</b> answer per question is allowed.		
For each answ	er completely fill in the circle alongside the appropriate answe	er.	
CORRECT METHOD	● WRONG METHODS 🔇 👁 📾 🕸		
If you want to o	hange your answer you must cross out your original answer	as shown. 🔀	
If you wish to r select as show	eturn to an answer previously crossed out, ring the answer yo n.	ou now wish to	)
01.1	Which of the following is an example of an asset?		
	A Cash in the bank	0	
	B Long term bank loan	0	
	C Mortgage	0	
	D Overdraft	0	
		[1 ma	ark]
01.2	Which of the following is a method of secondary market rese	earch?	
	A Feedback from suppliers	0	
	B Focus groups	0	
	C Newspapers	0	
	D Telephone surveys	0	
		[1 ma	ırk]



#### Question 1 continues on the next page

01.5	Which of the following is an example of quantitative market research?		
	<b>A</b> A magazine article reviewing a new product	0	
	<b>B</b> Consumers' individual opinions about the tastes of a produc	t 💿	
	<b>C</b> Figures showing the sales of a product	0	
	D Personal views on the packaging of a product	0	
		[1 mark]	
0 1 . 6	Which of the following is an internal source of finance?		
	A Government Grants	0	
	<b>B</b> Loan	0	
	C Overdraft	0	
	D Retained Profit	0	

[1 mark]



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 <b>one</b> way in which a business can segment the market.	
		[2 marks]
_		
-		
-		
_		
01.9	Explain <b>one</b> reason why someone might want to start up their own busin	iess.
		[2 marks]
-		
_		
-		
_		
-		
0 1 . 10	Explain <b>one</b> disadvantage of using an overdraft as a source of finance.	
		[2 marks]
-		
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-		
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		[2 marks]
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-		
0 1 . 12	Explain <b>one</b> objective which a business may set.	
		[2 marks]
-		
-		
-		
-		
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-		
0 1 . 13	Explain how a business can use outsourcing.	
		[2 marks]
-		
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-		
	End of Section A	
	Turn over for Section B	

0 1 . 11

#### Section **B**

Answer all questions in this section.

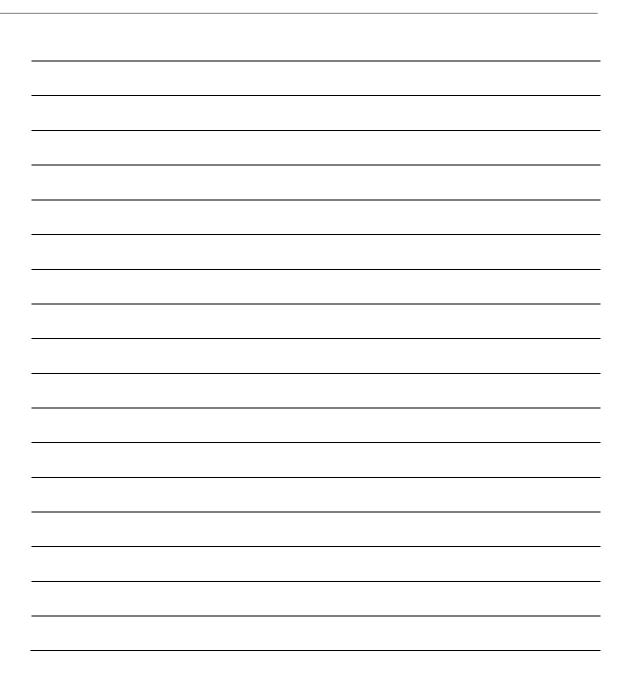
Sonya has been working for a large business selling party products.					
She recently organised a party for her daughter. Sonya's friends were so impressed they have asked her to organise parties for their children.					
Sonya visited a local 40 parents there to c would pay her to org are below.	complete a	survey. S	ionya	wanted to f	ind out if these
Question 1 – On ave	erage how	/ much do y	you sp	end on you	ur child's party.
Options	Less that	an £250	£251	–£500	£501–£7
Number that	5		20		15
choose the option					
Question 2 – Would	you use a	a party plan	nner?		
Options		Yes		No	
Number that choose option	e the	27		13	
Sonya believes she l	has identif	ied a gap i	n the r	narket for o	organising child
parties and is planning	a to start	hor own h	Iningo	c	

02.1

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

#### [6 marks]

02.2 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]



## Question 2 continues on the next page

#### 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 Incomo	£ 5.000	£ 11.100	£ 0.000	£ 11 000
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

**0 2** . **3** Explain **one** way Sonya could improve her cash flow problems.

[4 marks]

2.4	Sonya is thinking of investing in her own catering equipment that is estimated to increase profit by £500 per year and is expected to last eight years. It will cost Sonya £3000 to buy.
	Calculate the average rate of return. State the formula used and show all workings. Give your answer to <b>two</b> decimal places.
	[5 m
_	
	Workings
_	

02.5

Sonya wants to have a website designed to promote her business, this will cost  $\pounds 4$  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]

End of Section B

Turn over for Section C

Section C Answer all questions in this section.		
0 3	Item C – Apple Inc	
	Apple is one of the world's largest information technology businesses. They sell a range of products such as the iPhone and Apple Watch.	
	Apple's newest product, the Apple Watch, is a smartwatch. The most expensive Apple Watch costs US\$17 000 and is aimed at the luxury segment of the smartwatch market. Apple have spent millions of dollars on television advertising and colour advertisements in expensive magazines to promote the Apple Watch. Sales are expected to increase over the next few years.	
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

	US\$ million
Sales	300 000
Gross Profit	99 000
Net profit	59 400

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

Calculate the difference between the gross profit margin and the net profit margin for Apple for 2016. State the profit margin formula used and show all workings.

[5 marks]

Formula

Workings

 0 3 . 3
 Explain two benefits of developing new products for a business.

 [4 marks]

 Benefit 1

 Benefit 2

 Benefit 2

Question 3 continues on the next page

#### Item D – Apple Inc

Apple is in a very competitive market. It makes improvements to the products to give them a unique selling point providing the latest technology that customers demand.

Apple's most successful product has been the iPhone. Since it was introduced in 2007, Apple have updated the phone each year and brought out a new version. New releases have seen huge sales with customers queuing outside shops to get one. Prices are high until the next version is released. The latest version is the iPhone 6s plus. It has 3D touch technology that is not used on any competitors' smartphones. An iPhone is needed for Apple's newest product, the Apple Watch, to work.

Once the market leader, Apple has lost market share to a competitor. At the same time global sales of smartphones are slowing down.

Apple Inc – Sales by Product: 2014–2015

	2015 Sales	Change from
	(millions)	2014 %
iPhone	US\$156 000	52

03.4 Analyse th

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

#### [6 marks]

19 03.5 Analyse how effective using an extension strategy to extend the product life cycle of the iPhone would be for Apple. [6 marks] Question 3 continues on the next page

Version 1.0

In 2004 Apple closed all production facilities in the USA to help save costs. Production was outsourced to China.

In 2013, a newspaper reported that a factory based in China was paying their workers £1.12 per hour or a salary of £180 per month. They work an average of 10 hours per day. Chinese people queue up for work and say conditions are better than other factories in the area.

Apple has a code of conduct for these factories. They carry out regular inspections on working conditions. In 2014 these inspections increased by 40%. Apple works closely with these factories, and have paid for 60 000 employees to go on college courses in China.

China is a growing market for Apple accounting for 25% of their sales in 2015. This is an 84% increase on 2014.

In 2015 Apple made a net profit of \$54 000 million.

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

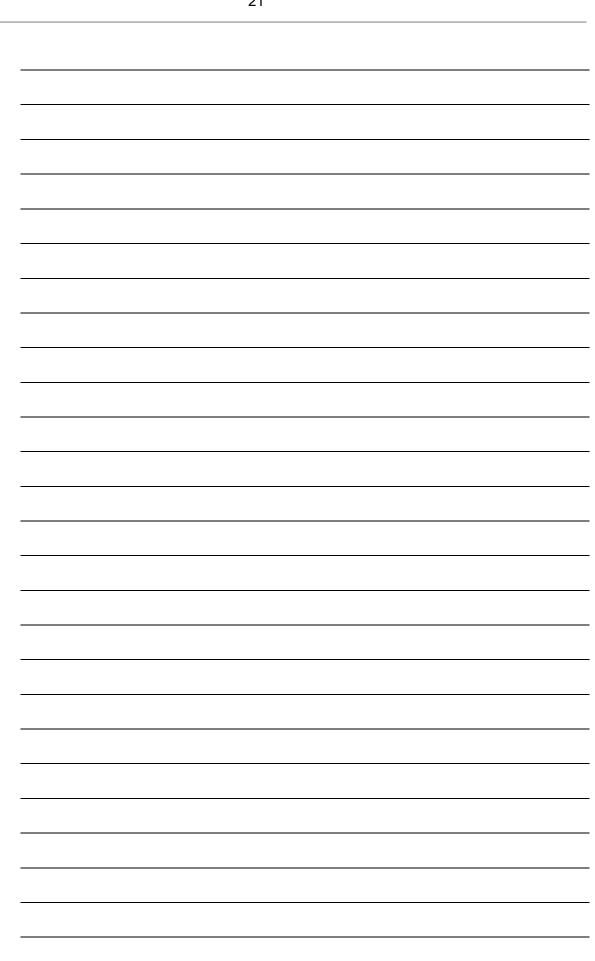
• Ethical considerations

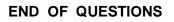
03.6

• Financial implications

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

[12 marks]





## There are no questions printed on this page

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