SPECIMEN MATERIAL

Please write clearly, in block capitals.	
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.

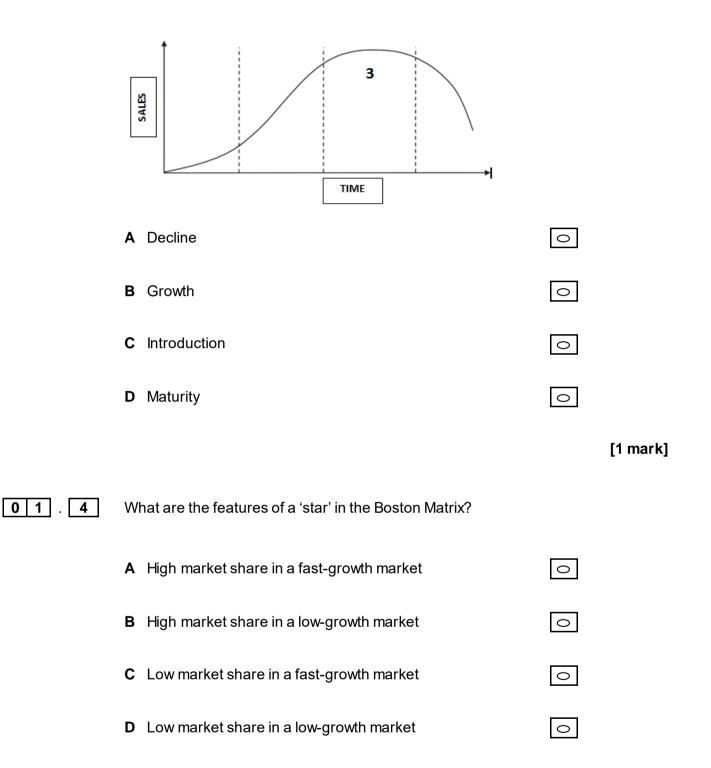
Advice

- 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	vith four responses only one answer per question is allowed.		
For each answe	er completely fill in the circle alongside the appropriate answer		
CORRECT METHOD	● WRONG METHODS 🗴 💿 📾 🕸		
If you want to c	hange your answer you must cross out your original answer a	s shown.]	
If you wish to re select as shown	eturn to an answer previously crossed out, ring the answer you n.	I 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 mark]
01.2	Which of the following is a method of secondary market resea	arch?	
	A Feedback from suppliers	0	
	B Focus groups	0	
	C Newspapers	0	
	D Telephone surveys	0	.
			[1 mark]

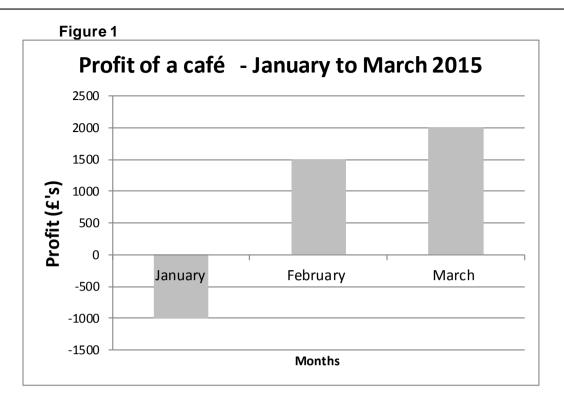


[1 mark]

Question 1 continues on the next page

01.5	Which of the following is an example of quantitative market rese	earch?	
	A A magazine article reviewing a new product	0	
	B Consumers' individual opinions about the tastes of a produc	z 🔾	
	C Figures showing the sales of a product	0	
	D Personal views on the packaging of a product	0	
			[1 mark]
01.6	Which of the following is an internal source of finance?		
	A Government Grants	0	
	B Loan	0	
	C Overdraft	0	
	D Retained Profit	0	

[1 mark]



01.7

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]
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01.9	Explain one reason why someone might want to start up their own busin	IESS.
		[2 marks]
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0 1 . 10	Explain one disadvantage of using an overdraft as a source of finance.	
		[2 marks]
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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]
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	End of Section A	
	Turn over for Section B	

Section B

Answer **all** questions in this section.

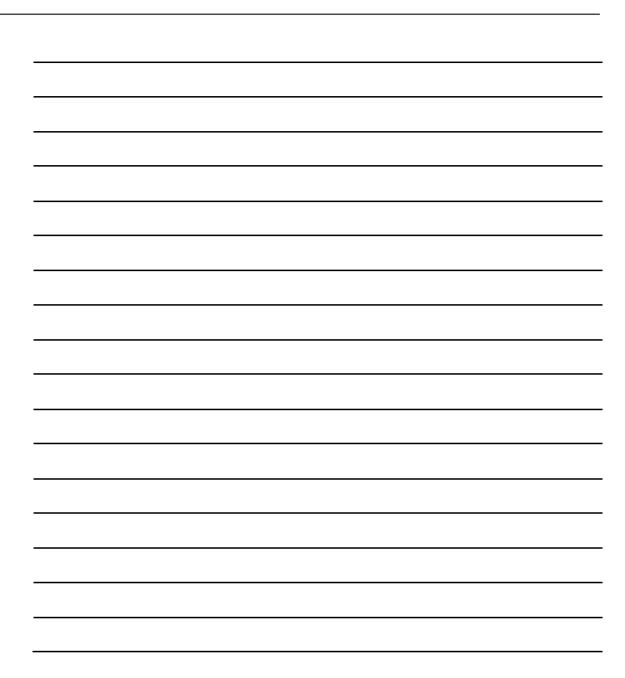
Sonya has bee	· ·	C C	•	
impressed the	•	•	•	a's friends were so their children.
40 parents the	re to comple	te a survey. S	Sonya wanted	arket research. She asked to find out if these parents ie results of two questions
Question 1 –	On average	how much do	you spend on	your child's party.
Options	Less	s than £250	£251-£500	£501–£750
Number that	5		20	15
choose the op	otion			
Question 2 –	Would vou u	se a party pla	nner?	
Options	riedia jea a	Yes	No	
Number that of	choose the	27	13	
option				

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 \pounds 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

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

[4 marks]

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0 2 . 4	Sonya is thinking of investing in her own catering equipment that is estimated to increase total profit by £4000 over its lifetime. It is expected to last eight years. The investment will cost £3000.
	Calculate the average rate of return. State the formula used and show all workings. Give your answer to two decimal places.
	Formula
_	
_	Workings
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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

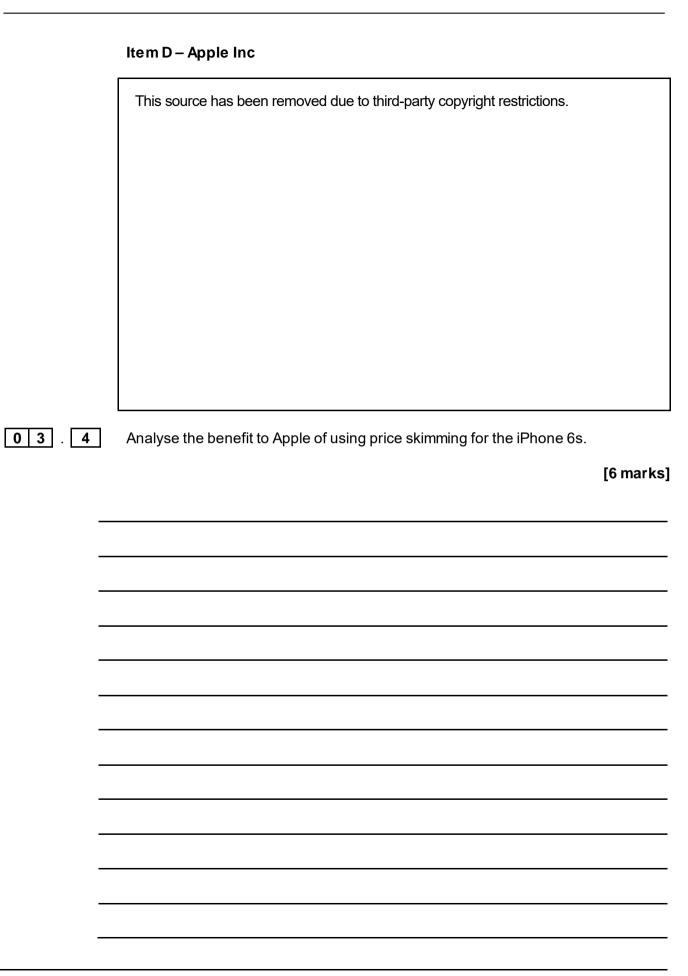
Section C Answer all questions in this section.

03	Item C – Apple Inc
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03.1	Explain why Apple would choose to spend millions of dollars to promote the Apple Watch. [4 marks]
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Question 3 continues on the next page

	16
03.2	Adapted from Apple Inc Extract of Income Statement for the year ending September 2015
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	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
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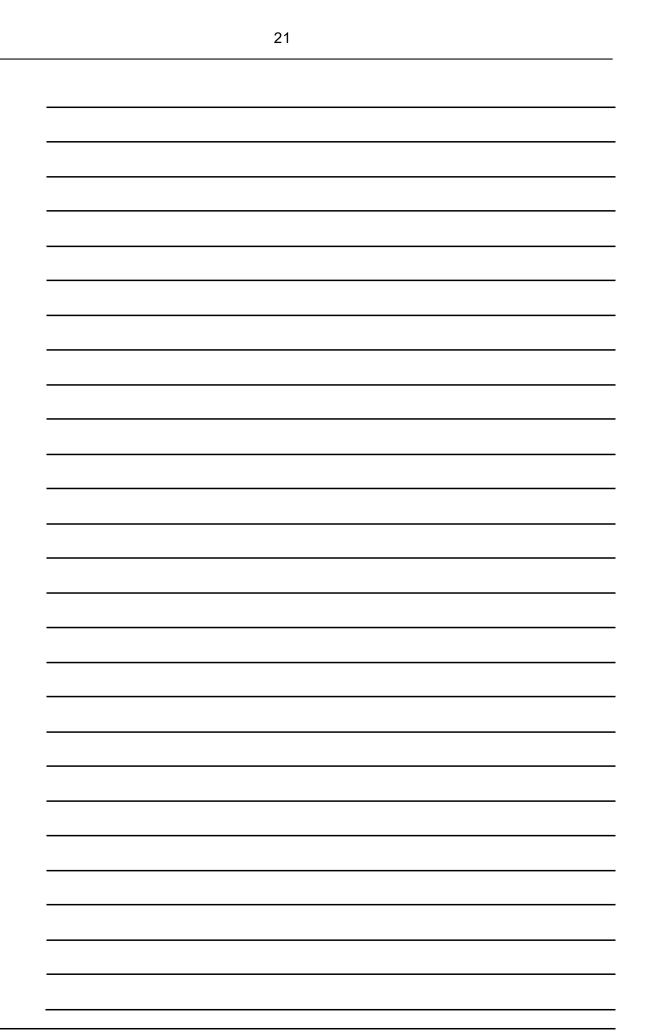
Question 3 continues on the next page



Version 1.2

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]

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03.6	Analyse the impact on Apple of moving production facilities to China. In your answer you should consider:
	Ethical considerationsFinancial implications
	You must evaluate which area has seen the biggest impact. Use evidence to
	support your answer. [12 marks]
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END OF QUESTIONS

Version 1.2

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