

## Monday 13 June 2022 – 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

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Candidate number

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First name(s)

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Last name

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#### 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.

**2**  
**SECTION A**

Answer **all** the questions.

**1** A customer has bought a laptop from a computer shop.

By law, the computer shop must:

- A** match the price charged by a local competitor
- B** offer to upgrade the laptop for no extra charge
- C** provide virus protection to keep the customer's files safe
- D** supply a laptop of satisfactory quality

Your answer

[1]

**2** Customer engagement:

- A** allows customers to try before they buy
- B** contributes to good customer service
- C** improves the product knowledge of employees
- D** shortens the supply chain

Your answer

[1]

**3** Performance data for Pallin Ltd for the last five years of trading is shown below.

	2017	2018	2019	2020	2021
Profit	£15 000	£0	-£9 000	£17 000	-£3 000

Pallin Ltd's average level of profit over the last five years is:

- A** £4000 per year
- B** £5000 per year
- C** £6400 per year
- D** £8000 per year

Your answer

[1]

- 4 A perfume shop has a gross profit margin of 50%.

This means:

- A for every £10 of sales, it makes £5 profit after all costs have been paid
- B the perfume shop's variable costs are exactly half of its fixed costs
- C the shop charges customers double what it pays when buying the perfume
- D to make £10 of profit, it needs to sell £50 of perfume

Your answer

[1]

- 5 QT Homeware Ltd manufactures small kitchen appliances. The company has recently received a number of emails complaining that its kettles leak.

Which of the following actions would help QT Homeware Ltd deal with this problem?

- A Include a cloth to wipe up any leaks in the box of all new kettles
- B Launch a promotional campaign in a housekeeping magazine
- C Meet with production workers to discuss how to reduce costs
- D Physically test every hundredth kettle to ensure it is watertight

Your answer

[1]

- 6 A drum kit manufacturer plans to make 500 drum kits this year. Estimated costs are as follows:

- raw materials £40 per drum kit
- rent £600 per month
- heating and lighting £900 per quarter
- other expenses £56 000 per annum

The manufacturer's estimated total cost for the year is:

- A £66 840
- B £77 500
- C £85 900
- D £86 800

Your answer

[1]

- 7 Which of the following is **not** a disadvantage of automation?
- A Expensive to buy, so will need to find a way of raising finance
  - B Machines can break down, disrupting production
  - C Operatives may need additional training, increasing business costs
  - D The machinery can be reprogrammed, making production more flexible

Your answer

[1]

- 8 An extract from Marble & Sons cash flow forecast for September is shown below.

	September
Net cash flow	–£2600
Opening balance	
Closing balance	–£7300

Marble & Sons' opening balance for September is expected to be:

- A –£9900
- B –£4700
- C £4700
- D £9900

Your answer

[1]

- 9 Which one of the following is the **most** likely reason for a greeting card manufacturer to locate its factory on an out-of-town industrial estate?
- A Council incentives offering reduced business rates
  - B Greeting cards are destroyed if they get wet during transportation
  - C Lots of people who work on the industrial estate will buy cards
  - D The need to be close to the market because customers are unwilling to travel

Your answer

[1]

10 Which of the following would be a variable cost for a restaurant?

- A Advertising fees
- B Buildings insurance
- C Chef's salary
- D Fruit and vegetables

Your answer

[1]

11 Amaya is a gardener. She charges £15 per hour. Her fixed costs are £18 000 per annum. Her variable costs are £2 per hour.

How many hours of gardening will Amaya need to do to start to make a profit?

- A 1059
- B 1385
- C 2340
- D 3060

Your answer

[1]

12 Which of the following is a benefit to a public limited company of using a share issue to raise finance?

- A Dividends will need to be paid
- B New skills will be brought into the company
- C No interest will be paid
- D Repayments will be spread over a long period of time

Your answer

[1]

13 The impact of risk taken by a business:

- A affects all business functions
- B affects all business stakeholders equally
- C only affects the finance function
- D only affects the owners of the business

Your answer

[1]

14 The marketing function of a well-known action toy manufacturer is about to launch a major advertising campaign.

This advertising campaign will affect the operations function of the business because:

- A job production will need to be used to speed up production
- B market research into which toy figures are most popular will be required
- C more sets of action toy figures will need to be produced
- D vacancies for action toy designers will need to be advertised

Your answer

[1]

15 Kareem is an entrepreneur. He makes hand-made shoes for newborn babies. Data for his first four years of trading is shown below.

	Year 1	Year 2	Year 3	Year 4
<b>Number of pairs sold</b>	104	1040	820	1860
<b>Revenue</b>	£2080	£20 800	£16 400	£46 500
<b>Profit</b>	-£24 000	£2000	-£1800	£26 000

According to the data, which of the following is true?

- A Costs have been greater than revenue in all four years
- B In Year 2, Kareem reduced the average selling price of the shoes
- C In Year 4, Kareem increased the average selling price of the shoes
- D Revenue has increased year on year

Your answer

[1]

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SECTION B

Answer **all** the questions.

16

**Text 1**

**BP plc**

BP plc is a UK energy company, which has its headquarters in London. BP produces oil, gas and petrol. It sells and distributes these products to customers all over the world. It also produces some environmentally friendly energy including biofuels, as well as wind- and solar-powered electrical energy.

The company's finance function is critical in ensuring the business is managed efficiently. BP plc's revenue increased from \$245 billion in 2017 to \$283 billion in 2019.

One of BP's operations involves selling of petrol to the public. BP has 18 700 petrol stations around the globe, with 8500 in the UK. Another of BP's operations involves extracting oil, using its oil rigs. These are located in the seas around the UK, Norway, Australia, Angola, the Gulf of Mexico (USA) and off the coast of many other countries. Once the oil is extracted it is then transported to refineries.

BP strives to be more sustainable. BP has the aim of cutting its carbon emissions by 2050 to help reduce the effects of climate change. It is installing electric charge points for Police Scotland's electric vehicles and is developing wind farms in America in partnership with an American company.

(a) Identify **two** possible advantages to a business of being environmentally friendly.

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[2]

(b) Explain **one** way climate change might affect business activity.

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(e) (i) Identify **two** reasons why a UK business might choose to locate in another country.

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**[2]**

(ii) Evaluate how globalisation has influenced where BP locates its businesses.

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**Text 2****Quality Textiles (QT)**

Quality Textiles Ltd (QT) is a medium-sized, established business that manufactures clothes from its factory in Birmingham. Its clothes are sold to retail shops around the country. A summary of its profitability is shown in **Table 1**.

	<b>This year</b>	<b>Last year</b>	<b>Two years ago</b>
<b>Gross Profit Margin</b>	65%	60%	57%
<b>Net Profit Margin</b>	27%	25%	23%

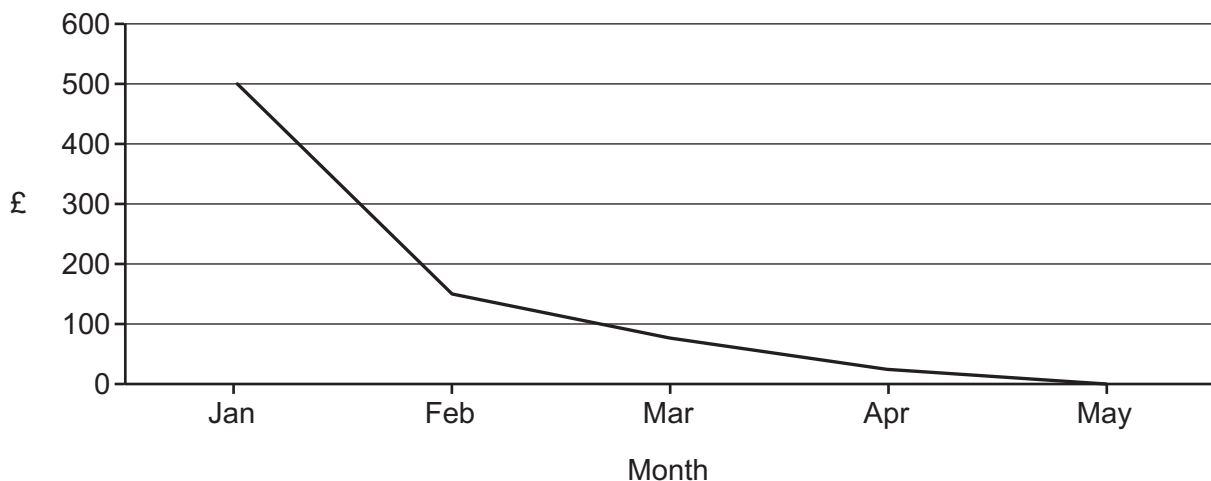
**Table 1**

QT wants to expand the business by using a bank loan to buy a large van to help with deliveries. It will use average rate of return (ARR) to assess which model of van it will buy. Further information is provided in **Table 2**, below. The new van will mean employing a driver, in addition to the five drivers already working for the business.

	<b>Standard Van</b>	<b>Superior Van</b>
<b>Price</b>	£40 000	£50 000
<b>Total net profit for the life of the van</b>	£60 000	£70 000
<b>Estimated life</b>	3 years	4 years
<b>ARR</b>	?	35%

**Table 2**

QT's cash flow forecast suggests it may struggle to pay the monthly van loan repayment. QT's closing bank balance for the last five months is shown in **Fig. 1**.

**Fig. 1**

QT had problems earlier in the year. It found its way into the local newspaper as part of an investigation into ethical practices in its business activities and supply chain.

(a) Identify **one** method of selling products to customers.

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(b) (i) Identify **two** ethical considerations for a business.

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(ii) Explain **one** reason why a business should act ethically.

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(c) (i) Calculate the average rate of return (ARR) for the Standard Van by using the information in **Table 2**.

Show your workings

Answer ..... %

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- (ii) Analyse **one** reason why QT should buy the Standard Van. Refer to **Table 2** in your answer.

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- (d) (i) Analyse QT’s cash position considering its current expansion plans.

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(ii) Analyse QT’s profit position considering its current expansion plans.

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(iii) Recommend whether QT’s cash position or profit position will have the biggest impact on its expansion plans.

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Text 3

**Barratt Developments plc**

(c) Barratt Homes, www.barratthomes.co.uk, Text begins with 'Barratt Developments PLC (BD plc) is the UK's largest house builder' and ends with 'and less than 2% from the rest of the world'. Item removed due to third party copyright restrictions.

(a) Identify **one** economic factor which may affect a company's profit.

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(b) Analyse the importance of quality in the production of the houses that BD plc produces.

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(c) Analyse **one** advantage to BD plc of obtaining 90% of its raw materials from the UK.

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- (d) (i) Analyse **one** advantage and **one** disadvantage to BD plc of producing components in batches at its factory.

Advantage: .....

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Disadvantage: .....

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(ii) Recommend whether BD plc should continue to produce components in batches at its factory.

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(e)\* Evaluate how useful break-even analysis is to BD plc's pricing and promotional decisions. [9]

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**END OF QUESTION PAPER**



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