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I declare this is my own work.

GCSE BUSINESS

Paper 2 Influences of marketing and finance on business activity

Friday 16 May 2025

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	



J U N 2 5 8 1 3 2 2 0 1

Section AAnswer **all** questions in the spaces provided.Only **one** answer per question is allowed.

For each multiple-choice 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.

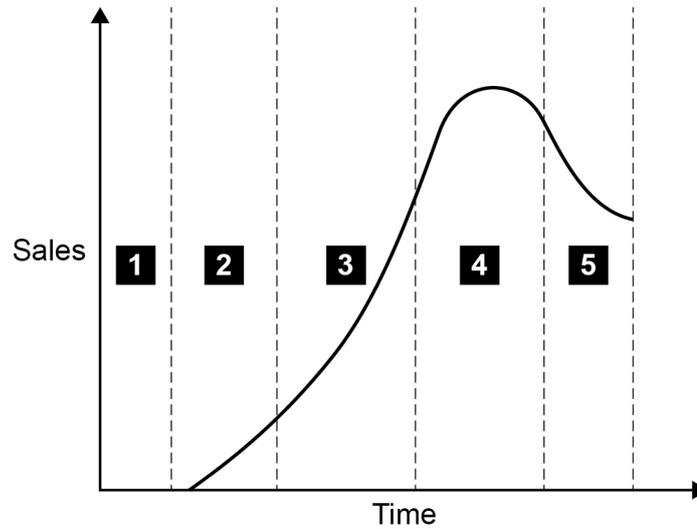


If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.

**0 1 . 1** Which of the following is a method of sales promotion?**[1 mark]****A** Billboard**B** Internet**C** Point of sale displays**D** Social media**0 1 . 2** Which of the following is an example of an ethical objective?**[1 mark]****A** Generating profits to pay shareholders dividends**B** Increasing market share**C** Opening stores in new locations**D** Treating suppliers fairly

0 1 . 3 In the product life cycle shown, what is the name of stage 2?

[1 mark]



- A Decline
- B Growth
- C Introduction
- D Maturity

0 1 . 4 Which of the following is likely to occur if a business does not follow employment laws?

[1 mark]

- A Increased cost of raw materials
- B Increase in wages
- C Less competition
- D Payment of government fines

Question 1 continues on the next page

Turn over ►



0 1 . 5 Which of the following is a feature of price penetration?

[1 mark]

- A Adding a percentage to the cost of production
- B Matching the price that competitors are charging
- C Setting a high price for a product when it enters the market
- D Setting a low price for a product when it enters the market

0 1 . 6 Which of the following is included in the average rate of return (ARR) formula?

[1 mark]

- A Average annual inflows
- B Average annual price
- C Average annual profit
- D Average annual revenue

0 1 . 7 Identify **two** ways a business might solve its cash flow problems.

[2 marks]

- 1 _____
- 2 _____

0 1 . 8 Explain **one** reason why a business would choose a newspaper as a method of advertisement.

[2 marks]



0 1 . 9

Identify **one** extension strategy a business can use **and** explain how it can increase sales.

[2 marks]

0 1 . 10

Explain **one** advantage of using retained profits as a source of business finance.

[2 marks]

Question 1 continues on the next page

Turn over ►

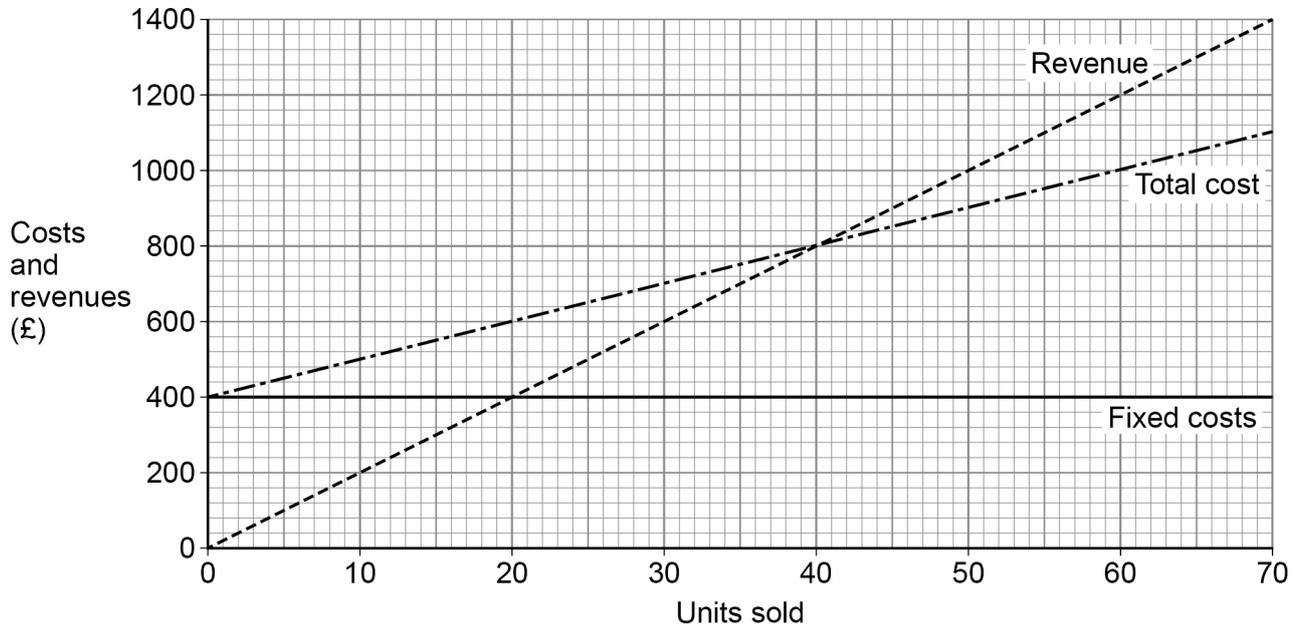


0 1 . 11

Use the break-even chart below to calculate the margin of safety if the actual number of units sold was 60.

Show all workings.

[2 marks]



Workings

Answer



0 1 . 12

State and explain **two** factors that influence pricing decisions for a business.

[4 marks]

Factor 1 _____

Explanation _____

Factor 2 _____

Explanation _____

20

Turn over for Section B

Turn over ►



Section B

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

0 2**Item A: Glam Camping Company**

Glam Camping Company (GCC) hires out luxury tents to festival organisers. It has four full-time employees who specialise in different areas of the business such as customer service and social media.

GCC tents are in demand at festivals for the luxury they provide to people camping. GCC tents are expensive to hire, but festival organisers can then charge a high price. GCC allows festival organisers to pay their bill after the festival has taken place. This means that GCC often relies on an overdraft to help with cashflow.

GCC needs to stay competitive. The business is planning to create a questionnaire. This will gather specific information on what people at festivals want from a luxury tent service. GCC will send two employees to hand out the questionnaire at big festivals over the summer. The data collected will be analysed by the existing employees.

0 2**. 1**

Explain **one** factor influencing the location of a business.

[2 marks]



Item B: Glam Camping Company

GCC has found out that there is a wedding market for their luxury tents. People getting married would like to book tents as overnight accommodation for their guests in countryside locations. The summer season is June, July and August. These are the most popular months for people to get married.

GCC is considering running a sales promotion to promote this new part of the business. GCC plans to offer a 25% price discount for all bookings made outside of the summer season. The discount would be available through a coupon advertised on GCC’s social media. An alternative option is to run a competition where three couples would win free use of the tents as accommodation for their wedding guests.

Figure 1 Number of GCC tents hired from May to August 2023

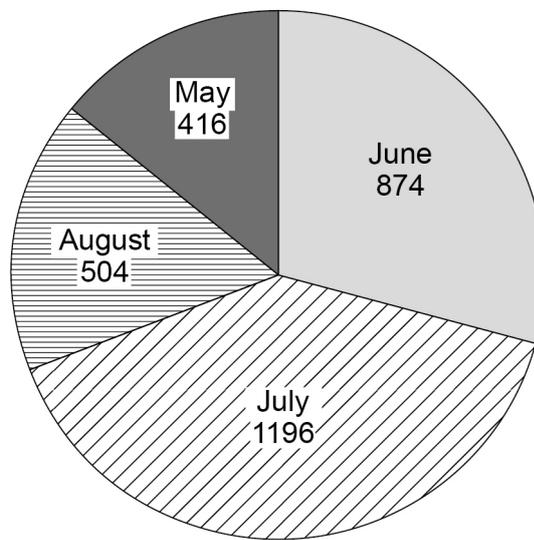


Table 1 September inflows and outflows

	£000
Cash inflow	36
Total cash outflows	17.9



0 2 . 4

Explain **one** reason why cash is important to a business.

[2 marks]

0 2 . 5

Using the information in **Item B** and **Figure 1**, calculate the average number of tents that were hired each month in the summer season.

Show your workings.

[2 marks]

Workings _____

Answer _____

0 2 . 6

GCC will receive £4000 from the sale of an old tent in September.

Using the information in **Table 1**, calculate the net cash flow for GCC for September taking into account the sale of the tent.

Show your workings.

[3 marks]

Workings _____

Answer £ _____

Question 2 continues on the next page

Turn over ►



Section C

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

0 3**Item C: Solar Scene Ltd**

Solar Scene Ltd is a company that sells and fits solar panels for homeowners. The panels collect energy from the sun. The energy is then converted into electricity that people can use in their homes.

Solar Scene Ltd does not have stores that customers can visit. When a potential customer registers their interest on the website, the company follows up with a telesales call within 24 hours. Solar Scene Ltd encourages telesales staff to spend time finding out exactly what each customer wants. This allows the company to create the best design of solar panel for the customer's needs.

Solar Scene Ltd produces financial statements at the end of each year. Income statements show that sales revenue has increased on average by 50% each year since setting up the business. Net profit has increased by 30% per year. Solar Scene Ltd has paid half of this net profit as dividends to shareholders.

0 3 . 1

Explain **one** negative impact a business may have on the environment.

[2 marks]



0 3 . 2

Telesales staff at Solar Scene Ltd have excellent technical knowledge of the solar panels and can address concerns immediately.

Explain **one** reason why Solar Scene Ltd uses telesales to distribute solar panels.

[4 marks]

0 3 . 3

The solar panel market is a growing market and in 2024 grew by 40%. The average sales revenue growth of competitors is 35%.

Analyse **one** way that the information in Solar Scene Ltd's income statements would help potential investors decide whether to invest in the company.

[6 marks]

Turn over ►



Item D: Solar Scene Ltd

Solar Scene Ltd buys its solar panels from a supplier. The supplier is currently offering a 5% discount for orders above £10 000. The discount is applied to the total cost of the order.

Table 2 Solar Scene Ltd income statement data extract

	(£000)
Year	2024
Sales revenue	860
Cost of goods sold	602
Total expenses	54

Karl manages the business from one office. He has good working relationships with all of his employees. Karl holds weekly meetings on new developments in the business and industry. This level of communication makes sure that employees have up-to-date information. Karl plans to expand quickly and open three more offices in the UK. Until new managers are employed, Karl will manage all offices himself. He will get his current employees to complete extra administrative tasks on top of their normal workload.

0 3 . 4

Explain **one** benefit for a business of using market segmentation.**[2 marks]**



0 3 . 5

Solar Scene Ltd has placed an order with its supplier for 8 solar panels. The total cost of the order is £12 000.

Using the information in **Item D**, calculate the cost of the order once the discount has been applied.

Show all workings.

[2 marks]

Workings _____

Answer £ _____

0 3 . 6

Using the information in **Table 2**, calculate the gross profit margin for Solar Scene Ltd for 2024.

Show all workings.

[3 marks]

Workings _____

Answer _____ %

Question 3 continues on the next page

Turn over ►



Item E: Solar Scene Ltd

Businesses have made enquiries about having solar panels installed. Business customers expect high quality at a competitive price. Karl would like to expand to work with business customers. To save costs, Karl wants to manufacture the solar panels instead of buying them from a supplier. He is considering **two** options for this:

Option 1 – Apply for a government grant to build a factory in the UK

- It can take up to 9 months to find out if the grant application has been successful.
- The grant would not need to be repaid.
- The factory would need to be in an area of high unemployment to meet the conditions of the grant. Karl is concerned he will not be able to find skilled employees in an area like this.
- The cost of land and wages would be low in this area.

Option 2 – Merge with a manufacturer in China

- The Chinese manufacturer has been producing solar panels for 10 years and has a lot of expertise.
- The manufacturer has a poor health and safety record for employees.
- The manufacturer is a well-known brand and has won awards for the most innovative product.
- Delivery of the solar panels from China to the UK can take 8 weeks.

0 3 . 8

Karl wants Solar Scene Ltd to expand into the business segment of the market. He is considering **two** options:

1. Apply for a government grant to build a factory in the UK
2. Merge with a manufacturer in China

Analyse the effect of **each** of these **two** options for Solar Scene Ltd.

Evaluate which of these **two** options will have the biggest **impact** on the ability of Solar Scene Ltd to be competitive in the business segment of the market.

[12 marks]

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