Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel Level 3 GCE

Thursday 22 May 2025

Afternoon (Time: 1 hour 30 minutes) | **Paper reference** **8BS0/02**

Business
Advanced Subsidiary
PAPER 2: Managing Business Activities

You must have:
Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided – *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- You may use a calculator.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ▶

P 7 4 1 9 5 A 0 1 2 0

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Answer ALL questions.

SECTION A

Read Extracts A and B in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) What is meant by exchange rate?

(2)

(b) What is meant by efficiency?

(2)

(c) Using the information in Extract B, calculate Hotel Chocolat plc's cost of sales in 2021. You are advised to show your working.

(4)

(d) Using the information in Extract B, calculate to 2 decimal places, Hotel Chocolat plc's profit for the year (net profit) margin in 2021. You are advised to show your working.

(4)

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(e) Assess **two** drawbacks to Hotel Chocolat plc from operating in an increasingly competitive market.

(8)

(f) Assess the extent to which batch production could give Hotel Chocolat plc a competitive advantage.

(10)

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(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

SECTION B

Read Extracts C and D in the Source Booklet before answering Question 2.

Write your answers in the spaces provided.

2 (a) What is meant by capacity utilisation?

(2)

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....

(b) What is meant by break-even point?

(2)

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(c) Using the data in Extract D, calculate to 2 decimal places, Cineworld plc's current ratio in 2021. You are advised to show your working.

(4)

(d) Explain **one** benefit of using budgets for Cineworld plc.

(4)

(e) Assess **two** possible disadvantages to Cineworld plc of issuing new share capital.

(8)

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(f) Assess the extent to which rising UK inflation may affect Cineworld plc.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

Read Extract E in the Source Booklet before answering Question 3.

Write your answer in the space provided.

To increase its sales revenue in the UK, ASOS plc could either open more physical 'pop-up' shops or lower the price of products on its website.

3 Evaluate these **two** options and recommend which **one** ASOS plc should use to increase its sales revenue.

(20)

(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

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Source Booklet

Do not return this Booklet with the question paper.

Turn over ▶

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SECTION A

Read Extracts A and B before answering Question 1.

Extract A

Hotel Chocolat plc success story

Started in 1993 by Angus Thirlwell, Hotel Chocolat is an ethical cocoa grower, luxury chocolate manufacturer and retailer. The company grows cocoa, its main raw material, on its own plantation in St Lucia. The cocoa is then imported to the UK. The cost of imported cocoa is influenced by the exchange rate.

The imported cocoa is sent to the company's factory in Cambridgeshire. The factory has a high level of efficiency as it uses flow production to produce liquid chocolate. This is then used to make 120 individual chocolate-based products, such as Trillionaire Shortbread and Mississippi Mud Pie slabs. These products are manufactured using batch production.

Hotel Chocolat sales grew by 21% during 2021. However, the success of Hotel Chocolat has encouraged similar luxury brands, such as Chococo and Love Cocoa, to enter the market. It has now become an increasingly competitive market.

Angus Thirlwell believes that the success of Hotel Chocolat is due to the company's focus on having an ethical approach and innovation. New products have been launched, such as the hot chocolate Velvetiser machine. A VIP chocolate subscription service is used to encourage regular purchases.

(Source: adapted from https://www.telegraph.co.uk/business/2021/12/26/life-sweet-hotel-chocolat-goes-global/ and https://www.hotelchocolat.com/uk/blog/food%2Bdrink/how-is-chocolate-made.html)

Extract B

Selected information from Hotel Chocolat plc's Statement of Comprehensive Income (2021)

	£000s
Revenue	164 551
Other operating expenses	(89 873)
Interest	(1 412)
Operating profit	11 801

(Source: adapted from https://www.hotelchocolat.com/uk/investor-relations-results-and-reports.html)

SECTION B

Read Extracts C and D before answering Question 2.

Extract C

Cineworld plc restructures its finances

Cineworld is the world's second largest cinema company. It has 751 locations globally, with 129 sites in the UK. During 2020–21, Cineworld was forced by the UK Government to close all its UK sites. During this period, capacity utilisation fell and every one of its cinemas operated below its break-even point. To survive, Cineworld used strict budgets to control costs and reduce cash outflows. Cinema refurbishments were delayed, and rents were re-negotiated with landlords. Cineworld also had to take out a $200 million loan.

In May 2021, the UK Government allowed cinemas to re-open. Since then, customer numbers have exceeded expectations with revenues close to pre-2020 levels. However, rising interest rates led to costs becoming too high and Cineworld was forced to restructure its finances in early 2023. In order to reduce its debt, Cineworld issued $800 million of new share capital.

Cineworld is facing inflationary pressures. Utilities, such as electricity, have become significantly more expensive. It is also struggling to recruit staff, such as ushers and projector operators.

(Source: adapted from https://otp.tools.investis.com/clients/uk/cineworldplc1/rns/regulatory-story.aspx?cid=655&newsid=1525950 and https://ukinvestormagazine.co.uk/cineworld-share-sink-on-restructuring-plan-developments/)

Extract D

Selected information from Cineworld plc's Statement of Financial Position (2021)

	$ millions
Cash	354.3
Trade receivables/debtors	142.1
Inventory	24.3
Current liabilities	(1 561.6)
Non-current assets	9 837.5
Non-current liabilities	(9 154.1)

(Source: adapted from https://www.cineworldplc.com/en/investors/results-reports-presentations/year/archive/2022)

SECTION C

Read Extract E before answering Question 3.

Extract E

ASOS plc launches its first 'pop-up' shop

ASOS is an online clothing and fashion retailer. It operates in a competitive market alongside rivals such as Shein.

In November 2023, ASOS launched its first temporary 'pop-up', bricks and mortar shop in central London. The four-floor temporary shop had two floors devoted to its most popular clothing and accessory brands, including Topshop and Collusion. The remaining two floors included fashion styling workshops, make-over rooms and a live DJ. There was also an augmented reality (AR) catwalk show that was developed in collaboration with Snapchat. This enables customers to try on, in a virtual world, new clothes and then share photos on social media.

By opening 'pop-up' shops, ASOS wants to target new customers who currently prefer to shop in traditional high street retailers, such as H&M and Primark. It is considering opening more temporary 'pop-up' shops in other large UK cities, such as Birmingham and Manchester.

(Source: adapted from https://365retail.co.uk/asos-ventures-into-physical-retail-with-innovative-london-pop-up/ and https://www.asos.com/about/)