



GCSE

3510U20-1A



S25-3510U20-1A

FRIDAY, 16 MAY 2025 – AFTERNOON

BUSINESS

Unit 2: Business Perceptions

Resource Material

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1. Sports Kit & Clothing (SKC) is a UK-based business that sells products for a range of different sports such as football, rugby, golf, athletics and swimming. SKC sells well-known brands such as Nike, Adidas and Reebok as well as its own-brand products.

SKC's product portfolio includes:

- Sports clothing
- Fashion clothing
- Footwear
- Sports equipment
- Accessories

SKC uses a multi-channel approach by selling its products through its website and its stores in the UK, as do its main competitors JD Sports, Decathlon and SportsDirect.

The map below shows the regions of the UK and the Head Office of SKC.



SKC opened 5 new stores in 2024, taking the total number of stores to 55, employing a total of 400 workers. All SKC stores are based in the West Midlands (England), South West (England), South East (England) and Wales. SKC employs a further 100 workers in its Head Office and distribution centre in Cardiff.

As a UK business, SKC has to pay tax to the UK Government. This includes corporation tax and value-added tax (VAT) payments. The UK Government is considering increasing VAT and SKC and its competitors are concerned about this happening.

Below are the most recent profit and loss accounts for SKC.

Profit and loss accounts 2023 – 2024		
	2023 (£)	2024 (£)
Sales revenue (turnover)	58 250 000	65 400 000
Cost of sales	20 387 500	24 852 000
Gross profit	37 862 500	40 548 000
Rent	5 000 000	5 500 000
Business rates	2 250 000	2 475 000
Wages	12 800 000	13 920 000
Cost of opening new stores	0	500 000
Total expenses	20 050 000	22 395 000
Net profit	17 812 500	18 153 000

Before SKC opened the 5 new stores, it needed to recruit new staff. The first vacancies that the business decided to fill were the store managers for each shop. SKC often uses internal recruitment when finding store managers but it also looks to appoint experienced staff from other retailers.

SKC claims to be an ethical business for the following reasons:

- it pays all of its staff at least the National Living Wage
- it stocks fairtrade products, where possible
- it donates 10% of its profits to disability sports charities

However, there have been news reports that SKC is unethical for the following reasons:

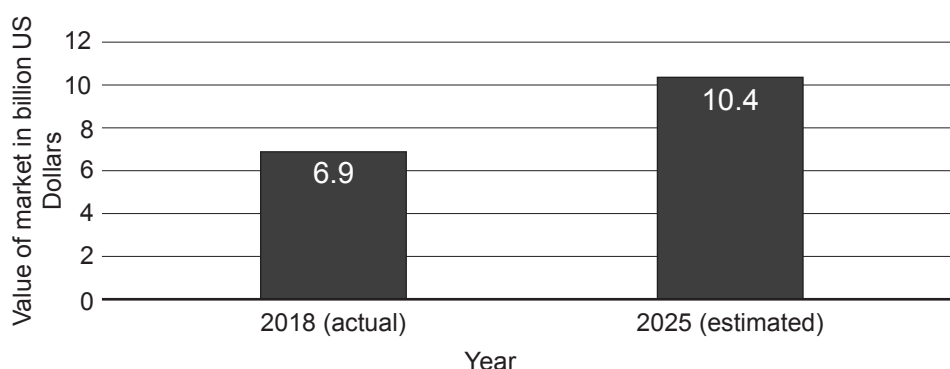
- it uses zero-hour contracts for some of its staff
- it allows the unethical treatment of animals in the manufacture of fabrics and materials for its own-brand products
- it does not check to see if its suppliers use child/slave labour

SKC is yet to comment on the news reports but there are concerns that this could affect the business.

2. When a person buys a new car there are often extra charges for upgrading features for example, special paintwork, leather seats and alloy wheels.

The extra cost of having alloy wheels is usually around £1000 to £2000 for a new car. Alloy wheels are lighter than the standard wheels on cars, improving fuel efficiency and speed. The detailed designs of alloy wheels also makes them more popular than the standard steel or plastic wheels because they improve the appearance of the car and can add value. There are a large number of UK businesses selling alloy wheels online such as elitewheels.com, performancealloys.com, mytyres.co.uk and rimstyle.com.

The graph below shows the global value of sales in the alloy wheel market.



Rimstyle started trading in 2002 and is now one of the leading suppliers of alloy wheels in the UK market. It is an online only business that sells a range of different alloy wheel designs for a range of different cars. The business is based in Ashford, Kent, in the South East of England. The owners of Rimstyle grew up in Kent but also believed it was a perfect location for their business. The most recent census suggests that there are over 17 million people living in the South East of England and London.

Figure 1 shows a map of Ashford and some of the infrastructure that is in place around the local area. **Figure 2** shows a map of the UK and Ireland.

Figure 1

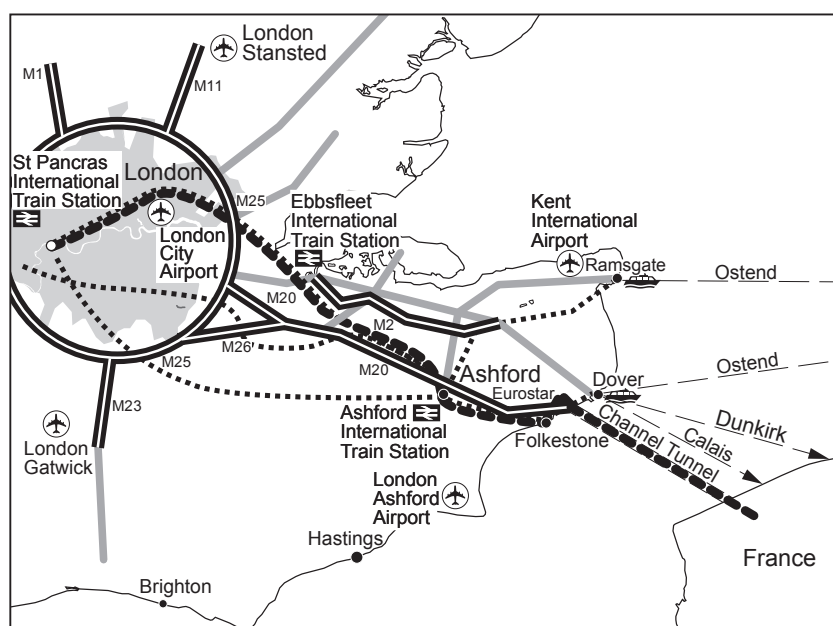
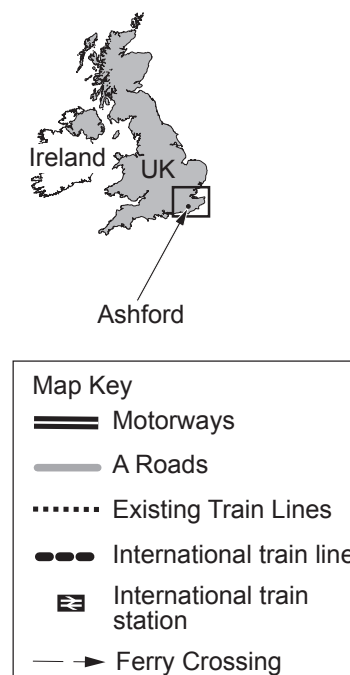


Figure 2

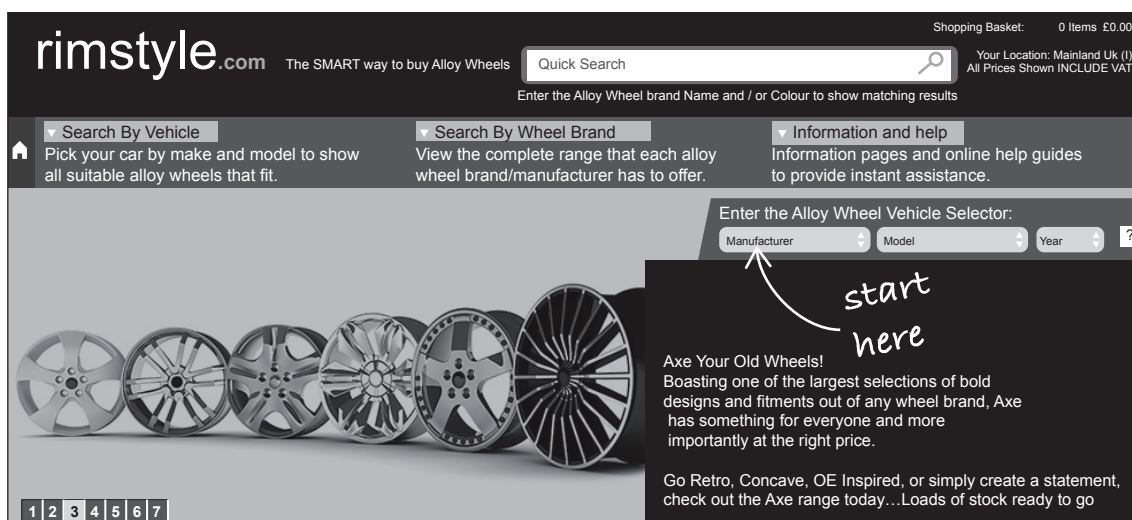


The business was created as the owners felt there was a gap in the alloy wheel market. Rimstyle targets new car owners. It can sell them the same quality wheels for a more competitive price than the car manufacturers. Rimstyle also sells to owners of older cars who want to upgrade their car by adding new alloy wheels. The wheels come with a fitting kit so they don't need a mechanic and have the option of including new tyres.

The following statement is on Rimstyle's website:

Over time we have developed what we believe to be the strongest alloy wheel and performance tyre range in the UK based on true quality products. We are confident in the knowledge that each purchase you make with Rimstyle will be backed by an excellent level of customer service, the correct product knowledge and testing, quality standards, product guarantees and exceptional value for money.

Ordering alloy wheels online can be confusing for customers so Rimstyle developed its website with this in mind. Users of the website can search for a wheel brand or search for their vehicle. By entering the make, model and age of the car, the customer is given a list of all the suitable wheels with images and further details about the products. The search can then be filtered by many different options such as colour, delivery time, brand and price. Rimstyle also offers customer support via telephone, email and an online enquiry form. Rimstyle has a 5* Rating on Trustpilot for its customer service.



Rimstyle is a supplier, distributor and stockist of leading brands of alloy wheels. Within the UK market, Rimstyle has the exclusive rights (the only business allowed to sell) on leading brands of alloy wheels from a range of countries including Germany, Belgium, USA and Japan.

Rimstyle buys in large quantities (buys in bulk) from its suppliers, which are delivered to its large warehouse in Ashford. The warehouse holds large quantities of stock, ready for immediate delivery. Rimstyle uses courier collections to deliver the alloy wheels by road to its customers, with next day delivery that aims to ensure customers receive their orders safely in excellent condition. The delivery of alloy wheels can be difficult due to the size and weight of the products so Rimstyle charges £25 for delivery across the UK and around €40 (£35) for delivery to Ireland. Ireland uses the Euro as its currency.

Rimstyle currently only sells its alloy wheels to the whole of the UK and Ireland but is considering trading internationally.

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