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| Surname | Centre Number | Candidate Number |
| First name(s) | | 0 |



GCSE

C510U10-1



FRIDAY, 20 MAY 2022 – AFTERNOON

BUSINESS – Component 1
Business Dynamics

2 hours

| For Examiner's use only | | |
|-------------------------|--------------|--------------|
| Question | Maximum Mark | Mark Awarded |
| 1. | 2 | |
| 2. | 2 | |
| 3. | 4 | |
| 4. | 6 | |
| 5. | 6 | |
| 6. | 20 | |
| 7. | 20 | |
| 8. | 20 | |
| 9. | 20 | |
| Total | 100 | |

ADDITIONAL MATERIALS

A calculator.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen. Do not use gel pen or correction fluid.

Answer **all** questions.

Write your name, centre number and candidate number in the spaces at the top of this page.

Write your answers in the spaces provided in this booklet.

If you run out of space, use the additional page(s) at the back of the booklet, taking care to number the question(s) correctly.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question. You are advised to divide your time accordingly.

The total number of marks available is 100.

You are reminded of the need for good English and orderly, clear presentation in your answers.



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

1. Identify which **two** of the following are examples of sales promotion. [2]

Tick (✓) **two** boxes only.

| | | | | | |
|----------------------|--|---------------|--|---------------------|--|
| Buy one get one free | | Discounts | | Competitive pricing | |
| Conducting a survey | | New packaging | | Selling online | |

2. Identify **two** reasons why a business creates a business plan. [2]

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3. Below are a number of business terms.

| | | | |
|----------------------|--------------------------|---------|-----------------|
| Social enterprise | Value added tax (VAT) | CAD | Exports |
| CAM | Integration | Imports | Corporation tax |

Identify which of the terms above best describes each of the following:

(a) Goods and services that are produced in one country and sold to another country. [1]

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(b) Where a business grows by merging with another business. [1]

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(c) Computer software that allows businesses to create 2D and 3D drawings. [1]

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(d) A tax on spending which is paid by individuals and businesses in the UK. [1]

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4. Dave's Taxis is a taxi business with a fleet of over 50 cars. Dave, the business owner, is increasing the use of technology in the business. Dave has introduced a smartphone app which allows customers to book a taxi ride on their smartphone rather than make a phone call.

(a) Explain **one** advantage to Dave's Taxis of introducing the smartphone app. [3]

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(b) Suggest **one** way a business could use the following types of software in the workplace. [3]

Spreadsheet package

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Database package

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Computer graphics package

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5. Gino's Gelato is an ice cream manufacturer. The business aims to be ethical.

(a) Identify **two** ways Gino Gelato could manufacture ice cream in an ethical way. [2]

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(b) Explain **two** advantages to a business of adopting ethical business practices. [4]

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6. Boing Ltd operates three trampoline parks in Manchester. The business is owned by Justine Davies. Facilities at each park include a café, over 100 trampolines and a zip-line. Customers pay a single fixed fee to enter the park and they get one hour of unlimited trampolining. If customers want to upgrade to the zip-line there is an extra charge. There are age limits on different trampolines to ensure customer safety at all times.

The trampoline parks have received great reviews online for being clean and efficient and for having excellent customer service. Customer visits have been steadily rising over the past few years, as shown in the table below.

Total customer visits and net profit/loss (2017–2020)

| Year | Total number of customer visits | Net profit/loss (£) |
|------|---------------------------------|---------------------|
| 2017 | 20800 | -15000 |
| 2018 | 28400 | -5000 |
| 2019 | 35010 | 3000 |
| 2020 | 39018 | 7000 |

- (a) Calculate the percentage increase of the number of customers between 2017 and 2020. (Show your workings and present your answer to 1 decimal place). [2]

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- (b) Describe **two** different situations where Boing Ltd's staff interact with customers. [4]

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Justine tries to ensure she employs high quality staff who are motivated. She believes training is important for all of her staff.

(c) (i) Identify **two** situations when training is needed in a business. [2]

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(ii) Explain **two** benefits to a business of having a motivated workforce. [4]

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Justine would like her business to grow further by opening a new trampoline park in a different area of the UK and is considering the following methods of growth:

- Selling franchise opportunities
- Internal (organic) growth

(d) Advise Justine whether she should grow her business through franchising or internal (organic) growth. [8]

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Additional space for Question 6(d) only

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7. Denny's is an American diner restaurant that operates over 1 600 restaurants in the US, Canada, New Zealand and Japan. In 2018 Denny's opened its first diner in the UK in Swansea and in 2019 opened its second UK diner in Glasgow. Denny's is planning to open more UK diners in the future.



Denny's is well known for its large portions of food including pancakes, burgers and waffles. One of its most popular dishes is the Grand-Slam breakfast.

- (a) Suggest a suitable SMART objective for Denny's UK business. [2]

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Like all UK businesses, Denny's is affected by a range of economic factors some of which are shown in the table below:

| | March 2018 | March 2019 |
|------------------------------------|------------|------------|
| Employment rates | 75.6% | 76.1% |
| Bank of England base interest rate | 0.5% | 0.75% |
| Average household income | £29 000 | £29 400 |

In March 2019, a total of 41 297 000 people in the UK were classified as being able to work.

- (b) (i) Calculate the number of people in employment in March 2019. [2]

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(ii) Explain how Denny's might be affected by economic factors.

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Additional space for Question 7(b)(ii) only

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Additional space for Question 7(c) only
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8. Hillier Ltd manufacture top quality cricket bats in its factory in the UK. The bats are produced by highly-trained employees. Hillier Ltd gets its wood from British-grown willow trees. Hillier Ltd faces competition from other businesses. It is finding it difficult to compete with other manufacturers who benefit from lower costs. Hillier Ltd is considering making some changes within the business to improve performance.

- (a) With reference to the data, identify **one** resource used to manufacture cricket bats. [1]

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Hillier Ltd uses batch production to make its cricket bats.

- (b) Explain why a business may use batch production. [2]

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Hillier Ltd sells on average 300 cricket bats per month, each bat sells for £110. Hillier Ltd has variable costs of £60 per cricket bat. It has fixed costs of £12 500 per month.

- (c) (i) State the formula for calculating break even through contribution. [1]

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- (ii) Using the contribution formula, calculate how many cricket bats per month Hillier Ltd needs to sell to break even. [2]

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Figure 1 shows the profit and loss accounts (income statements) for Hillier Ltd for the period 2018 to 2020.

Figure 1 – Hillier Ltd profit and loss accounts (income statements)

| | 2018 (£) | 2019 (£) | 2020 (£) |
|----------------------------|----------|----------|----------|
| Sales revenue | 370 000 | 380 000 | 400 000 |
| Cost of sales | 148 000 | 171 000 | 220 000 |
| Gross profit | ? | 209 000 | 180 000 |
| Gross profit margin | 60% | 55% | 45% |
| Rent | 20 000 | 20 000 | 20 000 |
| Business rates | 20 000 | 20 400 | 22 000 |
| Wages | 120 000 | 122 000 | 98 000 |
| Other expenses | 17 600 | 16 200 | 12 000 |
| Total expenses | 177 600 | 178 600 | 152 000 |
| Net profit | 44 400 | 30 400 | 28 000 |
| Net profit margin | 12% | ? | 7% |

(d) (i) State what is meant by cost of sales. [1]

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(ii) Calculate Hillier Ltd's gross profit in 2018. [1]

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(iii) State the formula for calculating net profit margin (NPM). Use the formula to calculate the net profit margin (NPM) in 2019 for Hillier Ltd. [2]

Formula

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Calculation

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(e) Using the qualitative and quantitative data:

- Analyse the financial performance of Hillier Ltd
 - Recommend ways to improve business performance
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9. Next PLC is a UK-based multinational clothing, footwear and home products retailer. It sells through its stores, catalogue, website and app. Next PLC sells a combination of own-brand and branded products that it purchases from a range of manufacturers.

Next PLC has a good reputation for selling high-quality products and providing excellent customer service.

(a) (i) Explain **two** reasons why quality is important to a business. [4]

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(ii) Outline **two** ways that Next PLC can achieve quality. [2]

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(b) Explain how Next PLC can ensure it offers good customer service through its website. [6]

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(c) Discuss the advantages and disadvantages to Next PLC **and** its customers of using a multichannel distribution approach to sell its range of products. [8]

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Additional space for Question 9(c) only

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END OF PAPER



