

Please write clearly in block capitals.

Centre number

Candidate number

Surname _____

Forename(s) _____

Candidate signature _____

I declare this is my own work.

INTERNATIONAL GCSE BUSINESS

Paper 2 Influences of Marketing and Finance on Business Activity

Time allowed: 2 hours

Materials

For this paper you must have:

- a calculator, which you are expected to use where appropriate.

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).
- All calculations must be shown.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 90.

Advice

You may use a bilingual dictionary.

For Examiner's Use	
Question	Mark
1–9	
10	
11	
TOTAL	



Section A

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

Only **one** answer per question is allowed.

For each 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

Which **one** of the following is an advantage of being a sole trader?

[1 mark]

A Can sell shares to raise finance

B Does not have to share profits

C Has limited liability

D Works very long hours

0 2

Which **one** of the following stakeholders will benefit from a business closing down?

[1 mark]

A Competitors

B Customers

C Shareholders

D Workers



0 3Which **one** of the following is a variable cost?**[1 mark]****A** Annual salaries**B** Loan repayment to the bank**C** Raw materials**D** Rent**0 4**

The four elements of product, price, promotion and place are known as:

[1 mark]**A** Market research**B** Market segmentation**C** Market share**D** Marketing mix**0 5**Which **one** of the following is a pricing strategy that sets a high price for a new product at first and then lowers this over time?**[1 mark]****A** Competitive pricing**B** Cost-plus pricing**C** Penetration pricing**D** Price skimming**0 6**

Explain what is meant by 'quantitative market research'.

[2 marks]

Turn over ►

0 7

Explain why it is important for a business to satisfy customers' expectations.

[2 marks]

0 8

Explain **one** way a business can minimise risk.

[2 marks]

0 9

Identify and explain **two** ways in which a business might be affected by an increase in the number of unemployed people in the country.

[4 marks]

Way 1 _____

Way 2 _____

15



Turn over for the next section

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ANSWER IN THE SPACES PROVIDED**

Turn over ►



Section B

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

1 0**Item A – Rapid Response Calls**

Customer service departments receive many telephone calls but often cannot answer them quickly. Customers get annoyed by long waiting times.

Rapid Response Calls (RRC) is a call centre that answers telephone calls on behalf of other companies. It was set up in Singapore by Peng Liu as a limited company to respond to a gap in the market.

RRC's start-up costs were 100 000 Singapore dollars (SGD). Peng Liu took out a loan of 60 000 SGD. The rest of the money was raised by selling shares in the business.

1 0 . 1

Identify and explain **one** disadvantage of using a loan to start up RRC.

[2 marks]



1 0 . 2 RRC took out a loan and sold shares in the business when it started.

Identify and explain **two other** sources of finance that RRC could have used when starting up.

[4 marks]

Other source of finance 1 _____

Other source of finance 2 _____

1 0 . 3 Identify and explain **two** benefits to RRC of being a limited liability business.

[6 marks]

Benefit 1 _____

Benefit 2 _____

Turn over ►



Item B

Many large companies now outsource customer telephone calls to the RRC call centre. RRC employs phone representatives who manage each telephone call and record the details. The information is then passed on to those large companies.

RRC now has 45 staff who are paid a basic wage plus commission. The amount of commission paid depends on the number of telephone calls that each employee deals with.

As the business has grown, the amount spent on basic wages and commission has increased, while prices charged for services have remained constant.

RRC's owners decided to reduce the amount of office-based staff by encouraging them to work from home. Department managers were not happy with this change. Many managers believe that a change in RRC's pricing strategy would make the business more profitable.

Table 1 – Extract from RRC's finances

	2019 (SGD million)	2020 (SGD million)	2021 (SGD million)
Revenue	1.5	2.4	4.7
Basic wages	0.8	1.1	1.5
Commissions	0.5	0.6	0.9

1 0 . 4

Using **Table 1**, calculate the percentage increase in basic wage costs from 2019 to 2021.

Show your calculations.

[2 marks]



1 0 . 5

Explain **two** problems that RRC could experience from its decision to reduce the number of office-based staff.

[6 marks]

Problem 1 _____

Problem 2 _____

Question 10 continues on the next page

Turn over ►



Question 10 continues on the next page

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ANSWER IN THE SPACES PROVIDED**

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Section C

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

1 1

Item E

Sustainable Designs Limited (SDL) was set up by Zahra Ibrahim in 2017. The business designs and makes a wide range of clothing. Zahra is concerned about the environment and climate change. Before the business was set up, Zahra carried out thorough market research.

SDL is run ethically and produces the clothing in a sustainable way. This has increased the reputation of the business as well as consumer loyalty. Many people want to work for the business. There are also many investors who want to invest in the business. SDL is a very profitable business.

Table 2 – Extract from SDL’s income statement (trading and profit and loss account) from 2019–2021. The figures are in million Egyptian pounds (EGP).

	2019 (million EGP)	2020 (million EGP)	2021 (million EGP)
Revenue	34	42	49
Cost of goods sold	19	23	26
Total expenses	9	12	14
Net profit/loss	6	7	9

1 1 . 1

Calculate SDL’s net profit margin in 2021.

Give your answer to **one** decimal place.

Show your calculations.

[2 marks]



Item F

SDL's clothes designs are very popular. Most of SDL's customers are in Europe and sales have been increasing.

Below are extracts from SDL's statement of financial position (balance sheet) as of 31 December 2020 and 31 December 2021.

Table 3 – Extracts from SDL's statement of financial position (balance sheet) as of 31 December 2020 and 31 December 2021

Assets and liabilities	As of 31 December 2020 (million EGP)	As of 31 December 2021 (million EGP)
Non-current assets (fixed assets)	12.2	14.5
Current assets	4.2	3.8
Total	16.4	18.3
Non-current liabilities	6.3	8.2
Current liabilities	2.6	3.6
Share capital	2.5	2.5
Retained profit	5.0	4.0
Total	16.4	18.3

1 1 . 3 Explain what is meant by 'non-current assets'.

[2 marks]



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