

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

Pearson Edexcel Level 3 GCE

Friday 24 May 2024

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 ►

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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 flow production?

(2)

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(b) What is meant by buffer stock?

(2)

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(c) Using the information in Extract B, calculate, to 2 decimal places, Beyond Meat's acid test ratio in 2022. You are advised to show your working.

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(e) Assess **two** likely benefits to Beyond Meat of improving its productivity.

(8)

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(f) Assess the use of bank loans as a source of finance for Beyond Meat's expansion.

(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 inflation?

(2)

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(b) What is meant by gross profit?

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(d) Explain how Missguided may improve its liquidity.

(4)

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(e) Assess **two** likely drawbacks for Missguided of rising UK interest rates.

(8)

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(f) Assess the importance of high levels of competition in causing Missguided to fail.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS



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(Total for Question 3 = 20 marks)

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



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SECTION A

Read Extracts A and B before answering Question 1.

Extract A

Beyond Meat – a vegan alternative

Beyond Meat is a US company which specialises in the manufacture of non-meat products produced using plant proteins. Products include Beyond Burger and Beyond Mince. In December 2021, Beyond Meat announced a major expansion programme in Asia by opening a new research and development facility and expanded its factory in Shanghai, China. The new facility will allow Beyond Meat to test new types of products that are suited to the Asian market, such as Beyond Pork. The expanded factory will use flow production to increase levels of productivity and will use bank loans as a source of finance for the investment.

5

In the last 12 years demand for non-meat plant protein has risen by over 300% and is forecast to grow by an average of 13.7% each year until 2028. However, supply chain issues have caused production problems for Beyond Meat in its factories, resulting in increased levels of buffer stock being held. It is also looking to improve its productivity.

10

(Source: adapted from <https://investors.beyondmeat.com/news-releases/news-release-details/beyond-meatr-continues-strengthen-its-global-innovation>)

Extract B

Selected information from Beyond Meat's Statement of Financial Position (2022)

	2021 (\$000s)	2022 (\$000s)
Current liabilities	94 189	75 841
Current assets	1 052 048	606 459
Inventory	241 870	235 696
Non-current assets	327 351	455 765
Non-current liabilities	1 152 715	1 189 931

(Source: adapted from <https://investors.beyondmeat.com/financial-information/annual-reports>)



SECTION B

Read Extracts C and D before answering Question 2.

Extract C

Missguided: What went wrong at the fashion giant?

Missguided Ltd was a Manchester-based clothing retailer. Launched in 2009, the company grew rapidly by focusing on online shopping, targeting young consumers of clothing. Missguided's sales and gross profit reached their peak in 2020. However, sales fell, and a large loss was made in 2021, when physical stores were allowed to reopen after the global health crisis. This increase in physical competition, was matched by an increase in online competition, when internet clothing retailer Shein entered the fast-fashion market. 5

Labelled the 'TikTok of fashion', Shein quickly gained a competitive advantage. Unlike, Missguided, Shein controlled the design and production of its clothing. This together with Shein's size meant that it was able to sell more fashionable clothes at lower prices making Missguided uncompetitive. The economic environment also deteriorated during 2021 with interest rates rising from 0.1% in November 2021 to 0.5% in February 2022. Inflation also increased from 5.1% to 6.2% during the same period. 10

Missguided failed due to poor liquidity in May 2022 with debts of over £80 million. 15

(Source: adapted from <https://www.chargedretail.co.uk/2022/05/31/missguided-what-went-wrong/>)

Extract D

Selected information from Missguided's Statement of Comprehensive Income (2020)

	£
Revenue	7 429 000
Cost of sales	(4 633 000)
Other operating expenses	(49 000)

(Source: adapted from <https://find-and-update.company-information.service.gov.uk/company/10033268/filing-history>)



SECTION C

Read Extract E before answering Question 3.

Extract E

Canyon Bikes is considering changing its suppliers

Canyon Bikes Ltd is a leading German online bicycle retailer. The company currently purchases components for its bikes in China, and then transports them to its manufacturing hubs in Germany and the US, where the bikes are assembled. This business model allows Canyon Bikes to retail technologically advanced bikes, priced 20–30% lower than its rivals. 5

The company produces mountain, road, hybrid and battery-powered e-bikes. Its models are sold at premium prices. The Roadlite 5 bike is priced from £899, whereas its most expensive e-bike is priced at over £10 000.

During 2022, Canyon Bikes suffered disruption to its global supply chain, with components becoming harder to source in China. Demand for its most expensive models also fell as households suffered from lower disposable incomes due to an increase in the cost of living. 10

(Source: adapted from <https://www.sekologistics.com/uk/case-studies/canyon-bikes/> and www.canyon.com)

