

Please check the examination details below before entering your candidate information

Candidate surname

Other names

**Pearson Edexcel
Level 3 GCE**

Centre Number

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Candidate Number

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Thursday 21 May 2020

Afternoon (Time: 1 hour 30 minutes)

Paper Reference **8BS0/02**

Business

Advanced Subsidiary

Paper 2: Managing Business Activities

You do not need any other materials.

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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Pearson

Answer ALL questions.

SECTION A

Read the following Extracts (A and B) before answering Question 1.

Write your answers in the spaces provided.

Extract A

Cambridge Medical Robotics (CMR) Surgical Ltd secures funding deal

CMR Surgical Ltd is based in Cambridge, UK. In 2018, the company raised £75 million in share capital to provide it with enough liquidity to complete the development and launch of its new product – a robot called Versius.

CMR Surgical Ltd believes that Versius will change keyhole surgery forever. The robot helps a surgeon use less physical effort to perform keyhole surgery on a patient in hospital. Traditional keyhole surgery strains a surgeon's arms and hands. This results in surgeons having to rest before they can perform another operation. CMR Surgical Ltd believes that Versius will allow the productivity of surgeons to significantly improve. 5

CMR Surgical Ltd forecasts that once the Versius robot is ready for market, it can generate £4 billion in sales per year, rising to £20 billion by 2050. CMR Surgical Ltd believes its product is unique. 10

Extract B

Selected information from CMR Surgical Ltd's Statement of Financial Position (2017)

	£
Non-current assets	10 637 000
Current assets	16 712 000
Current liabilities	(2 652 000)
Non-current liabilities	(10 207 000)
Inventory	584 000

(Source adapted from: <https://beta.companieshouse.gov.uk/company/08863657/filing-history>)

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1 (a) What is meant by share capital?

(2)

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(b) What is meant by productivity?

(2)

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(d) Using the information in Extract B, calculate the acid test ratio, to 2 decimal places, for CMR Surgical Ltd in 2017. You are advised to show your working.

(4)

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(e) Assess **two** difficulties CMR Surgical Ltd may face in producing sales forecasts for 2050.

(8)

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(f) Assess how important CMR Surgical Ltd's liquidity is to the successful development of its new product.

(10)

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(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS



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SECTION B

Read the following Extracts (C and D) before answering Question 2.

Write your answers in the spaces provided.

Extract C

Debenhams plc in trouble

Debenhams plc, a UK-based department store group, reported declining profits after a period of rising costs and declining sales. In the first-half of 2018, the company saw its profits fall by 85% to £13.5 million.

Debenhams plc has suffered from the depreciation of the pound (£) and a change in retail shopping habits. Consumers are increasingly using the internet to make purchases, rather than visiting high street stores. As a result, competition on the high street is intense, with John Lewis and House of Fraser all trying to attract a declining number of consumers. Debenhams plc reacted to this by reducing the size of its outlets and closed loss-making stores. This led to some employees being made redundant, while others were forced to work part-time. Debenhams plc also improved its online presence.

5

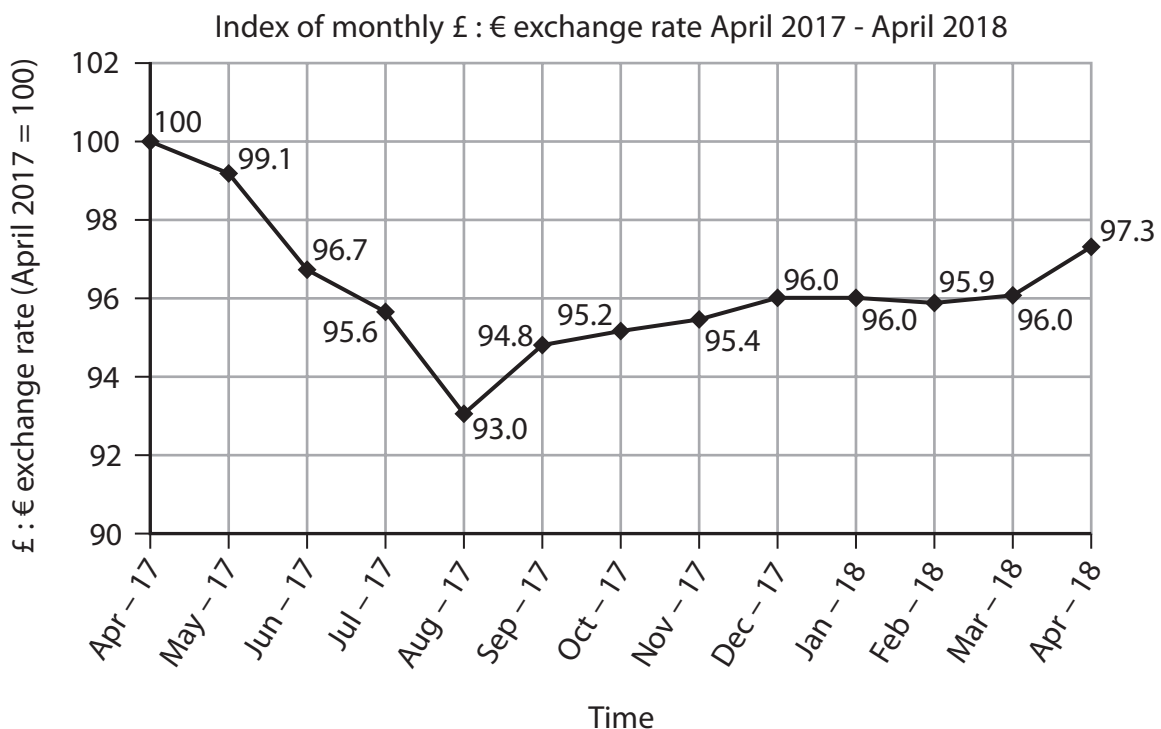
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In mid-2018, Debenhams plc's troubles worsened. Suppliers reduced trade credit terms, forcing the company to make more use of internal finance.

(Source adapted from: <https://www.theguardian.com/business/2018/jul/15/insurance-firms-heap-pressure-on-troubled-debenhams>)

Extract D

Pound (£) depreciates against the euro (€)



(Source adapted from: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/timeseries/thap/mret>)

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2 (a) What is meant by trade credit?

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(b) What is meant by internal finance?

(2)

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(d) Explain how employee protection legislation may affect Debenhams plc.

(4)

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(e) Assess **two** likely drawbacks to Debenhams plc of the depreciation of the pound (£) against the euro (€).

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(f) Assess the impact on Debenhams plc of a more competitive retailing environment.

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS



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SECTION C

Read Extract E before answering Question 3.

Write your answer in the space provided.

Extract E

Matt & Nat launch its new 'Berlin' bag

Matt & Nat is a Canadian company that sells bags, wallets and shoes made from a combination of ethically sourced, recycled materials such as bicycle tyres and plastic bottles. The company's brand comes from the combination of the words 'Material' and 'Nature'. Matt & Nat refuse to use leather from animals in the production of its products, all of which are vegan and vegetarian friendly.

5

The 'Berlin' bag is made from 100% recycled plastic and priced at £110. Matt & Nat's products are popular with celebrities, such as film star Natalie Portman. Unlike other bag manufacturers, which use leather, Matt & Nat has not had any negative publicity. The company's products can be found in retailers, such as ASOS, John Lewis and Topshop.

(Source adapted from: <http://www.viva.co.nz/article/fashion/matt-and-nat-story/>)

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- 3 To reduce the break-even point on its products, Matt & Nat could either stop using ethically sourced raw materials or use a skimming pricing strategy.

Evaluate these **two** options and recommend which option Matt & Nat should use to reduce the break-even point on its products.

(20)

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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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