



Please write clearly in block capitals.

Centre number

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Candidate number

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Surname

Forename(s)

Candidate signature

I declare this is my own work.

A-level BUSINESS

Paper 2 Business 2

Specimen

Afternoon

Time allowed: 2 hours

Materials

For this paper you must have:

- a calculator.

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.
- Do all rough work in this answer 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 100.

For Examiner's Use	
Question	Mark
1.1	
1.2	
1.3	
1.4	
2.1	
2.2	
2.3	
2.4	
3.1	
3.2	
3.3	
3.4	
TOTAL	

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

0 1

Read the information below and then answer the questions that follow.

Internationalisation and Country X

Figure 1 % annual growth in retail sales of luxury goods in Country X 2018–2022



Figure 2 GDP growth % for UK and Country X 2015–2022

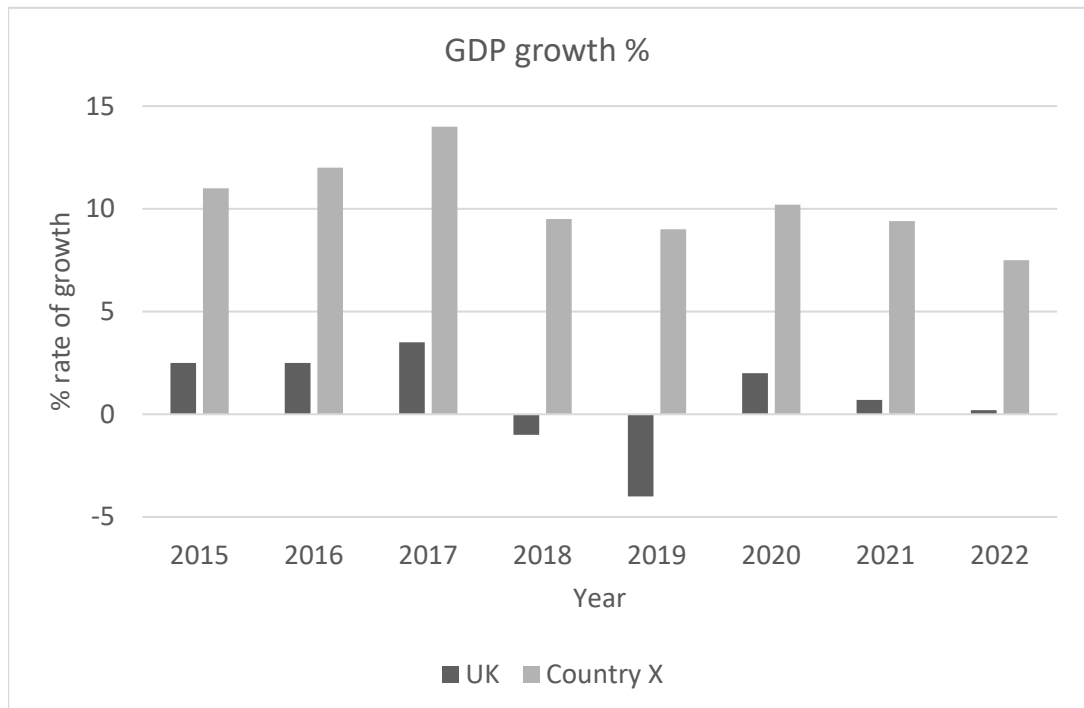


Table 1

	2019	2020	2021	2022
UK exports to Country X (£ sterling bn)	5.13	7.22	8.77	9.89
Country X exports to UK (£ sterling bn)	22.87	28.23	30.16	30.02
\$: £ (Country X : pounds) as at 6 June	10.80	10.54	10.06	9.84

Table 2 2023 data

Out of 177 countries Country X ranked:
96 th in terms of how easy it is to do business there (based on eg regulations, administrative procedures, infrastructure)
80 th in terms of perceived level of corruptions (UK 15 th)
85 th in terms of size of average income per person (£5899 in Country X v £23 323 in UK)

Table 3 Forecasts for Country X 2023–2026

Average GDP growth per year	7.0%
Change in value of Country X \$: £ over the period	5.0%
Population size	down from 1.34bn to 1.33bn

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Describe the trend in sales of luxury goods in Country X as shown by the data in **Figure 1**.

[3 marks]

0	1	.	2
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Using the information in **Table 1**, calculate the price paid in pounds for a shirt that has a price of \$250 in Country X purchased on 6 June 2022 from a Country X manufacturer. Show your workings.

[3 marks]

Extra space

0 1 . **3** Using the data in **Figures 1** and **2** and **Table 1**, analyse why UK exports to Country X may have increased between 2019 and 2022.

[5 marks]

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Extra space

0 1 . **4** **Figures 1 and 2 and Tables 1, 2 and 3** provide data about Country X and the UK.

Do you think that this data suggests that Country X would have been a good market for UK exporters who were aiming to grow rapidly between 2019 and 2022?

Justify your answer.

[20 marks]

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Extra space

0 2

Read the information below and then answer the questions that follow.

Astum Motor Company: Looking to the future

Astum Motor Company Ltd is a family-owned business that designs and builds cars in the UK. It operates in the niche sports car market and was established in 1922. Last year Astum produced around 1300 cars, and employed around 180 highly skilled staff, many of whom have been with the business for over 15 years.

The company prides itself on the craftsmanship and the attention to detail in its manufacturing process. Despite their high prices the cars are so popular that customers placing an order may have to wait up to 12 months for delivery of an Astum.

Astum is investing heavily in research and development. It is developing new cars (both electric and hybrid-powered vehicles) and is also finding new ways to build its cars. It is working with suppliers and universities to find ways to build cars using magnesium (a relatively cheap and abundant resource) to develop lighter vehicles with better fuel efficiency.

The current Managing Director, Susie Xu, had worked her way up within the company, from production line apprentice to her previous position as Operations Director.

0 2

1

Explain the factors that might influence the price at which Astum sells its cars.

[6 marks]

Turn over ►

0 2 . **2** Analyse the possible influences on the level of investment in research and development at Astum.

[9 marks]

Extra space

0 3

Read the information below and then answer the questions that follow.

Table 4 Comparison of Axia and Daunters

Axia is a highly successful online fashion retailer, founded in 2009. Unlike one of its main competitors, Daunters, which was founded in 1808, Axia does not have any high street stores. In 2022, 75% of UK adults made a purchase online and 90% of UK households had Internet access.

Daunters has been slow to adapt the place element of its marketing mix to include e-commerce. It was late to develop a website and introduced options such as 'click and collect' after several of its competitors. This failure to move quickly has meant it has lost sales to its rivals.

However, Daunters is now fully committed to e-commerce alongside its retail outlets. It regards its high street presence as offering a major competitive advantage over purely online rivals such as Axia; for example, it offers customers the opportunity to browse in-store before going home to order online or ordering via a mobile phone. Meanwhile, the opportunity to collect from the store provides a service that many customers like. In 2022, 25% of online orders were collected from high street branches of Daunters. Daunters is finally becoming a multi-channel retailer.

	Axia	Daunters
Product range	male and female fashionwear	womenswear, menswear, childrenswear, lingerie, accessories, health and beauty, home and furniture, sports and leisure
Sales (2022)	£769 million; 100% online	£2.3 billion; 16% online
Website visits per month (2022)	23.2 million	20.1 million
Gross profit (2022)	£252 million	£302.3 million
Market capitalisation as at 25/10/2022	£4.4 billion	£1.4 billion
Online presence	Operates in English, French, German, Italian, Spanish and Russian and accepts payment in 15 currencies. 64% of sales from outside UK	Available online in 70 countries
High street stores	0	200 stores in 25 countries

0 3 . **1** Analyse why Daunters may have been slow to adapt to change in the online environment.

[9 marks]

Extra space

Turn over ►

0 3 . **2** In 2022 Axia’s market capitalisation was as high as £1.85bn.

Analyse the possible reasons why the market capitalisation of Axia was so high in 2022.

[9 marks]

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END OF QUESTIONS

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ANSWER IN THE SPACES PROVIDED**

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