



General Certificate of Secondary Education
2019

Centre Number

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Candidate Number

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Business Studies

Unit 2

Developing a Business

MV18

[GBU21]

TUESDAY 4 JUNE, AFTERNOON

Time

1 hour 30 minutes, plus your additional time allowance.

Instructions to Candidates

Write your Centre Number and Candidate Number in the spaces provided at the top of this page.

You must answer the questions in the spaces provided.

Do not write on blank pages.

Complete in black ink only.

Answer **all three** questions.

Information for Candidates

The total mark for this paper is 90.

Figures in brackets printed at the end of each question indicate the marks awarded to each question or part question.

Quality of written communication will be assessed in

Questions **1(f)**, and **2(g)**.

Answer **all** questions

1 Toyland is owned by Tony and is a very large toy shop selling the full range of toys to children of all ages.

(a) When recruiting new members of staff, Toyland uses a Person Specification. Explain **one** purpose of this document. [2 marks]

(b) Explain **two** roles of the Equality Commission for Northern Ireland in relation to recruitment which Tony must be aware of. [4 marks]

1. _____

2. _____

(c) Discuss **two** roles of Social Media in the recruitment of employees in Toyland. [4 marks]

1. _____

2. _____

(d) Explain the legal controls on recruitment in Toyland affecting the following: [6 marks]

Gender _____

Disability _____

Marital Status _____

2 Another smaller toy shop, Play Things, in the same town is showing signs of failure and is closing down. Toyland has decided to take over Play Things.

(a) Identify **three** signs of failure which may be found in Play Things. [3 marks]

1. _____
2. _____
3. _____

(b) A takeover is a form of external growth. Explain the term “takeover”. [2 marks]

(d) Discuss **three** factors which could limit Toyland's growth.
[6 marks]

Factor 1

Factor 2

Factor 3

(e) Apart from economies of scale, analyse **one** possible advantage of growth for Toyland. [3 marks]

(f) Explain the meaning of the term “economies of scale”. [2 marks]

(g) Explain the following **four** types of economies of scale.
[8 marks]

Technical

Financial

Marketing

Purchasing

3 Tony has to raise additional finance in order to take over Play Things.
He is uncertain whether to use internal sources of finance or external sources.

(a) (i) Explain **one** advantage of using internal sources of finance and identify **two** internal sources.
[4 marks]

(ii) Explain **one** advantage of using external sources of finance and identify **two** external sources.
[4 marks]

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(Questions continue overleaf)

At the end of the year the accountant in Toyland produced the following Statement of Financial Position. Some amounts are missing.

Statement of Financial Position of Toyland as at 31 December, 2018

	£
Non-Current Assets	
Premises	100000
Fixtures and Fittings	
Delivery Van	12000
Total Non-Current Assets	127000
Current Assets	
Cash in Hand	1020
Bank Balance	50500
Closing Inventory	3750
Trade Receivables	1750
Total Current Assets	
Total Assets	184020
Equity	
Capital	
Add Net Profit	45750
	145750
Less Drawings	12000
Total Equity	
Non-Current Liabilities	
Loan	30000
Total Non-Current Liabilities	30000
Current Liabilities	
Trade Payables	
Total Current Liabilities	20270
Total Equity and Liabilities	

(b) Complete the Statement of Financial Position showing the figures for the following: [1 mark for each]

Fixtures and Fittings _____

Total Current Assets _____

Capital _____

Total Equity _____

Trade Payables _____

Total Equity and Liabilities _____

(c) Explain **one** reason why it is important for Tony to prepare a Statement of Financial Position. [2 marks]

- (d) The Capital Employed in Toyland has been calculated at £163,750. Using this information, as well as the information in the Statement of Financial Position, complete the following formula to calculate the Return on Capital Employed (ROCE) for the business. Show your calculations in the space provided. [2 marks]

$$\begin{aligned} \text{Return on Capital Employed} &= \frac{\text{Net Profit}}{\text{Capital Employed}} \times 100 \\ &= \\ &= \end{aligned}$$

- (e) Analyse the information which your calculation of Return on Capital Employed (ROCE) gives to Tony about the performance of the business. [4 marks]

THIS IS THE END OF THE QUESTION PAPER

For Examiner's use only	
Question Number	Marks
1	
2	
3	

Total Marks	
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Examiner Number

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