Centre Number

71

Candidate Number

cea
Rewarding Learning

**General Certificate of Secondary Education
2014**

Business Studies

Unit 2

Business Development

[GBS21]

MONDAY 2 JUNE, MORNING

MV18

TIME

1 hour 40 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.

Write your answers in the spaces provided in this question paper.

Complete in blue or black ink only.

There should be enough space for your answers. If you do require more space, you may complete your answers on the extra lined pages at the back of this paper.

Answer **all three** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 90.

Quality of written communication will be assessed in Questions **1(e)** and **2(f)**.

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

BLANK PAGE

(Questions start overleaf)

Answer all **three** questions

1 Shades is a large, unisex hairdressing salon in Strabane.

(a) Shades needs to recruit an extra hairdresser. Each applicant for the post is required to complete an Application Form. Explain **one** advantage and **one** disadvantage for Shades of using application forms.

Advantage [2 marks] _____

_____

_____

_____

_____

Disadvantage [2 marks] _____

_____

_____

_____

_____

(b) Some of the applicants will also be invited for interview. Explain **two** benefits for Shades of conducting interviews.

1. [2 marks] _____

_____

_____

_____

_____

2. [2 marks] _____

_____

_____

_____

_____

(c) Both Shades and the applicants have certain responsibilities in the selection process. Discuss the following responsibilities. [8 marks]

Honesty _____

_____

_____

_____

Objectivity _____

_____

_____

_____

Fairness _____

_____

_____

_____

Confidentiality _____

_____

_____

_____

(d) The new hairdresser will receive training in the salon. Identify and describe this type of training and state **two** reasons why it is suitable for Shades to use. [6 marks]

Type: _____

Description: _____

_____

_____

_____

_____

_____

_____

_____

_____

7

(e) Appraisal is undertaken each year in Shades. Explain **three** benefits which appraisal would have for Shades as an employer.

1. [2 marks] _____

_____

_____

_____

2. [2 marks] _____

_____

_____

_____

3. [2 marks] _____

_____

_____

_____

(f) Identify and explain **two** reasons why motivation among the employees in Shades is important.

1. [3 marks] _____

_____

_____

_____

_____

_____

_____

2. [3 marks] _____

_____

_____

_____

_____

_____

_____

2 Ashton Ltd (Belfast) is a successful company which manufactures chocolate and confectionery.

(a) Ashton Ltd is described as successful. Explain **two** signs of success you would expect to find in this company.

1. [2 marks] _____

_____

_____

_____

_____

_____

2. [2 marks] _____

_____

_____

_____

_____

_____

(b) Discuss **three** factors which could limit the growth of Ashton Ltd.

1. [2 marks] _____

_____

_____

_____

_____

2. [2 marks] _____

_____

_____

_____

_____

3. [2 marks] _____

_____

_____

_____

_____

(c) Ashton Ltd is considering a merger with another successful chocolate manufacturer. Describe a merger and analyse **two** disadvantages a merger would have for Ashton Ltd. [6 marks]

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

(d) The Competition Commission is interested in the planned merger. Describe the role of the Competition Commission. [4 marks]

_____

_____

_____

_____

_____

(e) It is planned that the new company would sell its products to other countries as well as on the home market. Explain how international trade would affect the following aspects of its marketing mix. [8 marks]

Product _____

_____

_____

_____

Price _____

_____

_____

_____

Promotion _____

_____

_____

_____

Place _____

_____

_____

_____

(f) Discuss **three** ways in which e-commerce might support Ashton Ltd's international business.

1. [2 marks] _____

_____

_____

_____

2. [2 marks] _____

_____

_____

_____

3. [2 marks] _____

_____

_____

_____

BLANK PAGE

(Questions continue overleaf)

3 The Bookworm is a retail shop selling books and magazines in Carrickfergus. The shop is owned and managed by Carolyn.

(a) Carolyn sometimes has difficulty in maintaining a good cash flow. Explain the meaning of "cash flow". [2 marks]

_____

_____

_____

_____

_____

(b) Explain **two** reasons why cash flow is important in business. [4 marks]

_____

_____

_____

_____

_____

_____

_____

_____

(c) Describe **one** way in which Carolyn might improve the cash flow in The Bookworm. [2 marks]

_____

_____

_____

_____

(d) The table below lists four costs which are incurred in The Bookworm. In the column beside each cost, state whether it is a fixed cost or a variable cost. [4 marks]

COST	TYPE
Postage	
Rent	
Purchases	
Rates	

(e) Explain **one** reason why it is important for Carolyn to know the Breakeven Point in The Bookworm. [2 marks]

_____

_____

_____

(f) The following information is taken from the accounts of The Bookworm:
Total fixed costs are **£**4,000 per month
Variable costs are **£**2 per book
Each book sells on average at **£**10

Complete the spaces in the following formula to calculate the breakeven point in The Bookworm.
[2 marks]

$$\text{Breakeven} = \frac{\text{Total Fixed Costs}}{\text{Selling Price per book} - \text{Variable Cost per book}}$$

Breakeven **=** _____

Breakeven **=** _____

(g) Explain the meaning of "Margin of Safety". [2 marks]

_____

_____

_____

_____

_____

18

(h) On average, Carolyn sells 550 books per month in The Bookworm. Using this information, calculate the Margin of Safety in The Bookworm and comment on how the business is performing. [4 marks]

_____

_____

_____

_____

_____

_____

_____

_____

_____

Extra page if required

Extra page if required

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Extra page if required

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

THIS IS THE END OF THE QUESTION PAPER

8749.02 **MV18**