



General Certificate of Secondary Education
2017

Centre Number

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Candidate Number

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Business Studies

Unit 2
Business Development

[GBS21]

FRIDAY 9 JUNE, AFTERNOON

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.

You must answer the questions in the spaces provided.

Complete in black ink only.

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(h)**, **2(a)** and **3(d)**.

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

Answer **all** questions

1 Readers Limited is a large bookshop in Enniskillen.
There is a vacancy in the bookshop for a salesperson.

(a) Each applicant for the post of salesperson has to send a Curriculum Vitae (CV) to Readers Limited. Explain what a Curriculum Vitae (CV) is. [2 marks]

(b) Give **one** reason why Readers Limited uses a Curriculum Vitae (CV) as a method of selection. [2 marks]

(c) Some applicants for the post of salesperson will be invited for interview.

Explain **two** advantages for Readers Limited of conducting interviews. [4 marks]

1. _____

2. _____

(d) Readers Limited provides training for all employees. Describe **two** benefits of staff training from the company's point of view. [4 marks]

1. _____

2. _____

(e) Describe **two** drawbacks for Readers Limited of staff training. [4 marks]

1. _____

2. _____

(f) Most employees in Readers Limited receive a bonus at the end of the year. Describe this type of motivation and explain **one** advantage for the company of bonus payments. [4 marks]

Description _____

Explanation of advantage _____

(g) Readers Limited wishes to introduce a system of Quality Circles. Explain “Quality Circles” and describe **one** advantage for the company’s employees. [4 marks]

Explanation _____

Advantage _____

(h) Appraisal of all employees is carried out each year in Readers Limited.

Explain **three** reasons why the company has an appraisal system. [6 marks]

1. _____

2. _____

3. _____

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(Questions continue overleaf)

2 The Directors of Readers Limited know that the company must grow and are looking at various ways to do so.

(a) Identify and discuss **three** factors which could limit the growth of Readers Limited. [6 marks]

1. _____

2. _____

3. _____

(b) Readers Limited could expand by a takeover of the only other bookshop in Enniskillen. Define the term “takeover”. Analyse **two** advantages for Readers Limited of a takeover. [6 marks]

Definition _____

Advantage 1 _____

Advantage 2 _____

(c) Identify and explain **one other** form of external growth which may be suitable for Readers Limited. Analyse **two** disadvantages for the company of this form of external growth. [6 marks]

Explanation _____

Disadvantage 1 _____

Disadvantage 2 _____

(e) The Directors of Readers Limited are considering international trade.

Explain **two** benefits for Readers Limited of international trade. [4 marks]

1. _____

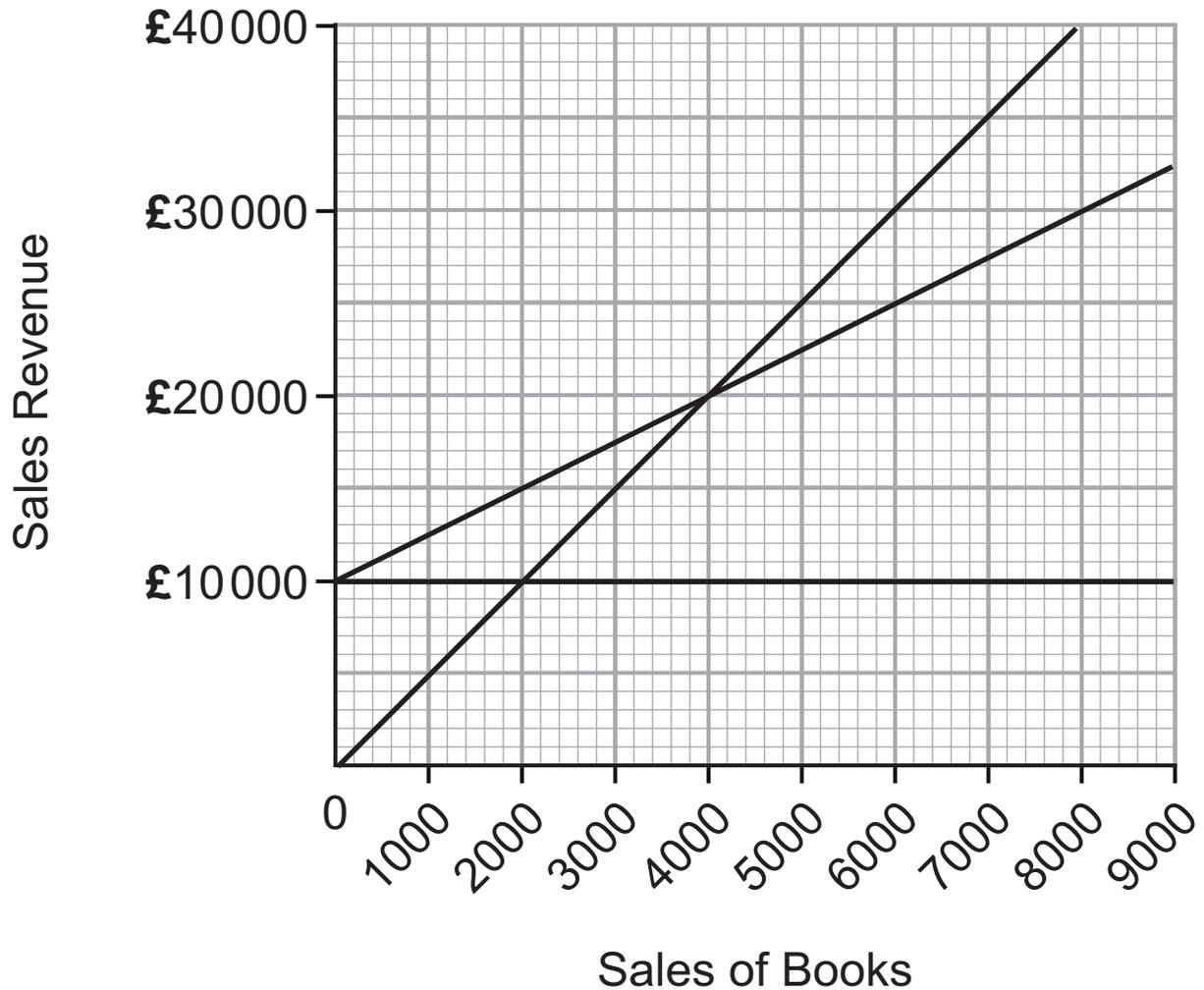
2. _____

(f) Explain **two** drawbacks for Readers Limited of international trade. [4 marks]

1. _____

2. _____

3 The Breakeven Chart for Readers Limited is shown below:



(a) Insert the following labels on the Breakeven Chart:
[5 marks]

- Breakeven Point
- Total Costs
- Total Sales Revenue
- Area of Profit
- Area of Loss

(b) Study the Breakeven Chart and state the figures for the following:

Number of books sold at Breakeven Point [1 mark]

Sales revenue at Breakeven Point [1 mark]

Fixed costs [1 mark]

The number of books making a total sales revenue of £30000 [1 mark]

The total costs of selling 7000 books [1 mark]

(c) Explain **two** reasons why it is important for the Accountant in Readers Limited to know the Breakeven Point for the company. [4 marks]

1. _____

2. _____

(d) Explain the meaning of “Margin of Safety” and examine **two** reasons why a margin of safety is important to Readers Limited. [6 marks]

Explanation _____

Reason 1 _____

Reason 2 _____

- (e) The following table lists four costs which Readers Limited had during the year. In the column beside each cost, state whether it is a fixed cost or a variable cost. [4 marks]

Cost	Type of Cost
Postage	
Rent	
Purchases	
Salaries	

- (f) The Statement of Financial Position for Readers Limited shows that the Current Assets are valued at £100,000 and the Current Liabilities amount to £60,000.

Use the following formula and the above figures to calculate the Working Capital Ratio (correct to one decimal place) for Readers Limited. Show your calculation in the space provided. [2 marks]

$$\text{Working Capital Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Working Capital Ratio} = \underline{\hspace{10em}}$$

$$\text{Working Capital Ratio} =$$

(g) Identify and analyse **two** facts which this calculation of the Working Capital Ratio gives to Readers Limited about the performance of the company. [4 marks]

1. _____

2. _____

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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