



General Certificate of Secondary Education
2017

Centre Number

--	--	--	--	--

Candidate Number

--	--	--	--	--

Business Studies

Unit 2
Business Development

[GBS21]

FRIDAY 9 JUNE, AFTERNOON



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.

Do not write outside the boxed area on each page or on blank pages.

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 down the right-hand side of pages 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 (person who applies) for the post of salesperson has to send a Curriculum Vitae (CV) to Readers Limited. Explain what a Curriculum Vitae (CV) is.

[2]

- (b) Give **one** reason why Readers Limited uses a Curriculum Vitae (CV) as a way to choose a salesperson.

[2]

(c) Some applicants for the post of salesperson will be invited for interview. Explain **two** advantages for Readers Limited of having interviews.

1. _____

2. _____

_____ [4]

(d) Readers Limited provides training for all employees. Describe **two** benefits of staff training for the company.

1. _____

2. _____

[4]



(e) Describe **two** disadvantages of staff training for Readers Limited.

1. _____

2. _____

[4]

- (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.

Description _____

Explanation of advantage _____

[4]



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

Explanation _____

Advantage _____

[4]

(h) Appraisal of all employees is carried out each year in Readers Limited.
Explain **three** reasons why the company has an appraisal system.

1. _____

2. _____

3. _____

[6]

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.

Factor 1: _____

Discuss: _____

Factor 2: _____

Discuss: _____

Factor 3: _____

Discuss: _____

[6]

[Turn over

(b) Readers Limited could expand by a takeover of the only other bookshop in Enniskillen. What does the term “takeover” mean? Discuss **two** advantages of a takeover for Readers Limited.

Definition of takeover _____

Advantage 1 _____

Advantage 2 _____

[6]



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

Explanation _____

Disadvantage 1 _____

Disadvantage 2 _____

[6]

[Turn over

(e) The Directors of Readers Limited are thinking about international trade.
Explain **two** benefits for Readers Limited of international trade.

1. _____

2. _____

[4]

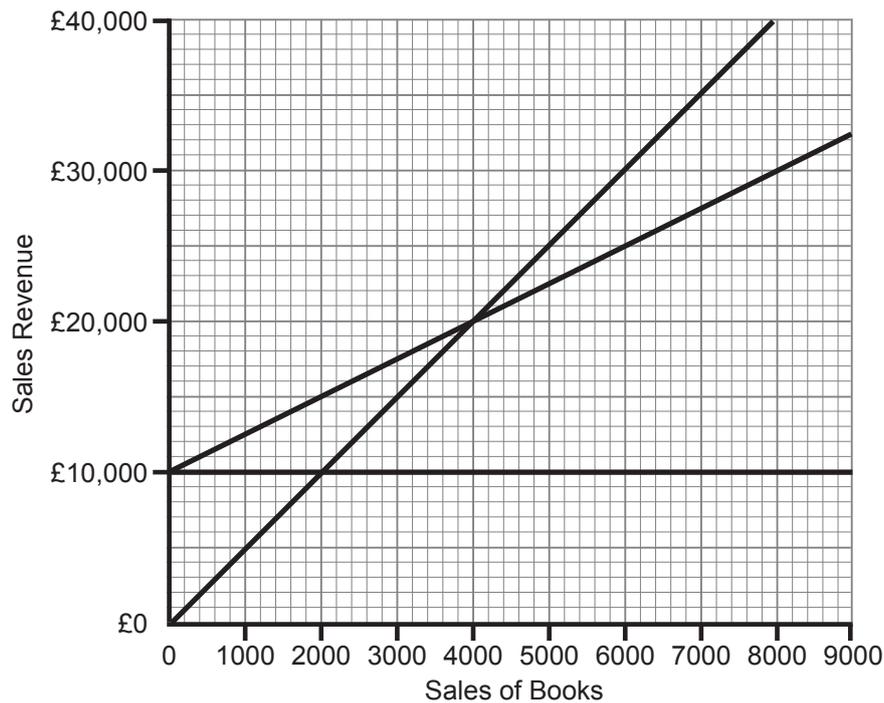
(f) Explain **two** disadvantages for Readers Limited of international trade.

1. _____

2. _____

[4]

3 The Breakeven Chart for Readers Limited is shown below:



(a) Put the following labels in the correct places on the Breakeven Chart:

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

[5]

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

Number of books sold at Breakeven Point _____ [1]

Sales revenue at Breakeven Point _____ [1]

Fixed costs _____ [1]

The number of books making a total sales revenue of £30,000 _____ [1]

The total costs of selling 7000 books _____ [1]

[Turn over

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

1. _____

2. _____

[4]

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

Explanation _____

Reason 1 _____

Reason 2 _____

[6]

[Turn over

- (e) Look at the table below. It lists four costs which Readers Limited had during the year. In the column beside each cost write down if it is a **fixed** cost or a **variable** cost.

COST	TYPE OF COST
Postage	
Rent	
Purchases	
Salaries	

[4]

- (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.

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

$$\text{Working Capital Ratio} = \underline{\hspace{2cm}}$$

$$\text{Working Capital Ratio} = \hspace{10cm} [2]$$

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

Fact 1: _____

Discuss: _____

Fact 2: _____

Discuss: _____

[4]

THIS IS THE END OF THE QUESTION PAPER

DO NOT WRITE ON THIS PAGE

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

Total Marks	
--------------------	--

Examiner Number

Permission to reproduce all copyright material has been applied for.
In some cases, efforts to contact copyright holders may have been unsuccessful and CCEA will be happy to rectify any omissions of acknowledgement in future if notified.