



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]

\*GBS21\*

FRIDAY 9 JUNE, AFTERNOON

## TIME

1 hour 40 minutes.

## 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. **Do not write with a gel pen.**

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 for the post of salesperson has to send a Curriculum Vitae (CV) to Readers Limited. Explain what a Curriculum Vitae (CV) is.

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[2]

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

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[2]



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

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\_\_\_\_\_  
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2. \_\_\_\_\_  
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\_\_\_\_\_

[4]

[Turn over



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

1. \_\_\_\_\_  
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\_\_\_\_\_  
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2. \_\_\_\_\_  
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[4]



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

1. \_\_\_\_\_

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2. \_\_\_\_\_

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[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 \_\_\_\_\_

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Explanation of advantage \_\_\_\_\_

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[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 \_\_\_\_\_

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Advantage \_\_\_\_\_

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[4]

[Turn over



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

1. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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2. \_\_\_\_\_

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3. \_\_\_\_\_

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[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.

1. \_\_\_\_\_

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2. \_\_\_\_\_

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3. \_\_\_\_\_

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[6]

[Turn over



(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.

Definition \_\_\_\_\_

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Advantage 1 \_\_\_\_\_

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Advantage 2 \_\_\_\_\_

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[6]



(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.

Explanation \_\_\_\_\_

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Disadvantage 1 \_\_\_\_\_

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Disadvantage 2 \_\_\_\_\_

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[6]

[Turn over





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

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_

[4]

[Turn over



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

1. \_\_\_\_\_

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2. \_\_\_\_\_

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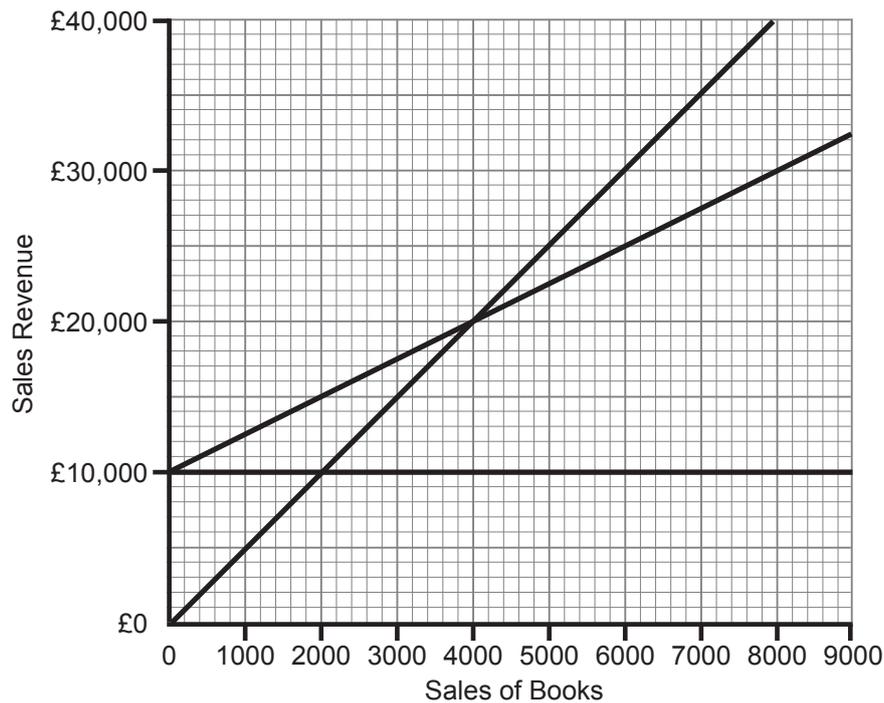
\_\_\_\_\_

\_\_\_\_\_

[4]



3 The Breakeven Chart for Readers Limited is shown below:



(a) Insert the following labels on the Breakeven Chart:

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

[5]

(b) Study the Breakeven Chart and state 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. \_\_\_\_\_  
\_\_\_\_\_  
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[4]



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

Explanation \_\_\_\_\_

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Reason 1 \_\_\_\_\_

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Reason 2 \_\_\_\_\_

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[6]

[Turn over



- (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.

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 analyse **two** facts which this calculation of the Working Capital Ratio gives to Readers Limited about the performance of the company.

1. \_\_\_\_\_

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2. \_\_\_\_\_

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[4]

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**THIS IS THE END OF THE QUESTION PAPER**

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**DO NOT WRITE ON THIS PAGE**

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

<b>Total Marks</b>	
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Examiner Number

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