

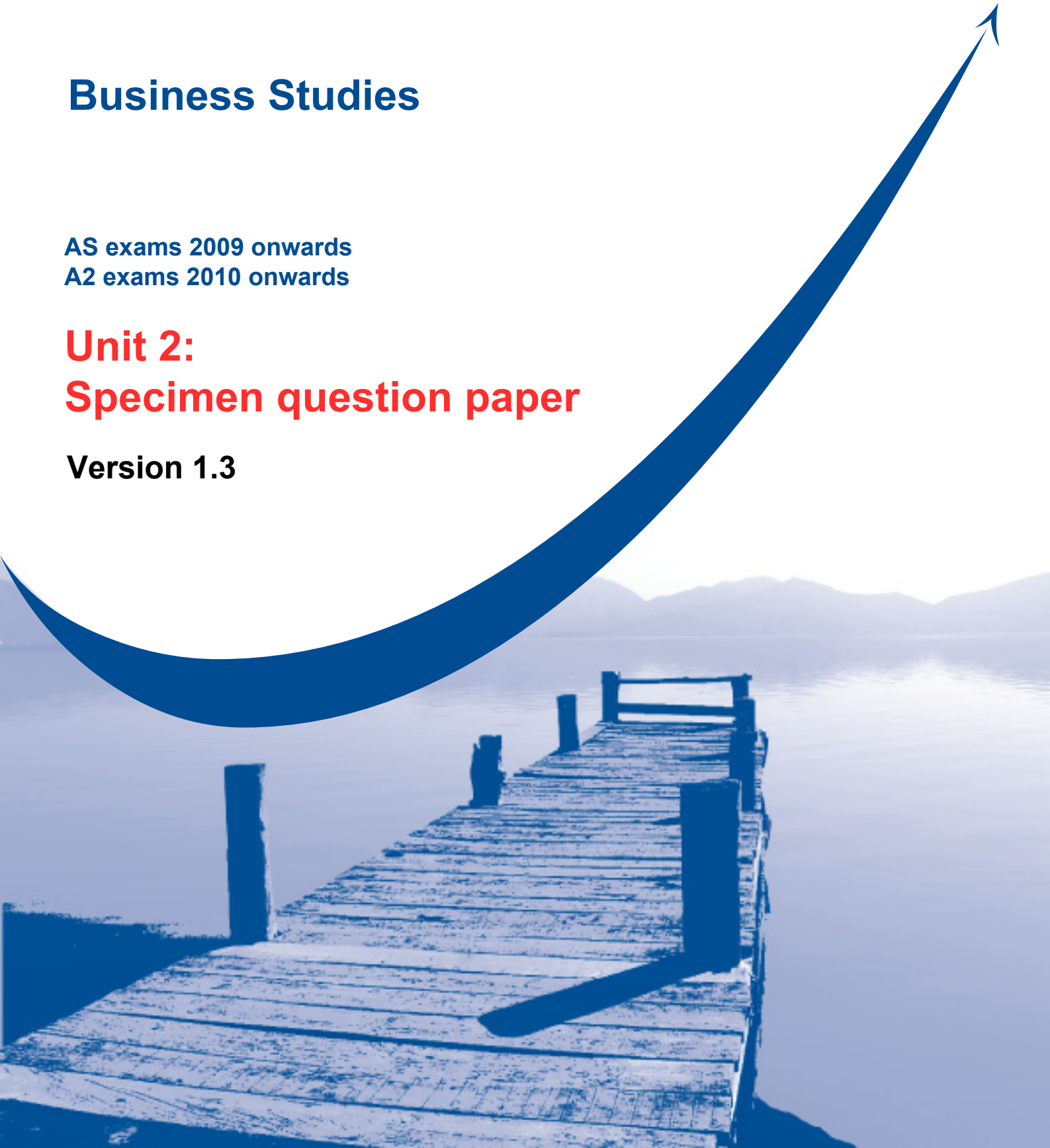
GCE
AS and A Level

Business Studies

AS exams 2009 onwards
A2 exams 2010 onwards

Unit 2: Specimen question paper

Version 1.3



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Surname		Other Names	
Centre Number		Candidate Number	
Candidate signature			

For Examiner's Use

General Certificate of Education
Specimen Paper for 2009 and 2010
Advanced Subsidiary Examination



BUSINESS STUDIES
Unit 2 Managing a Business

BUSS2

For this paper you must have:

- a calculator.

For Examiner's Use			
Question	Mark	Question	Mark
1			
2			
Total (Column 1)		→	
Total (Column 2)		→	
TOTAL			
Examiner's Initials			

Time allowed: 1 hour 30 minutes

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- Answer the questions in the spaces provided.
- Do all rough work in this book. Cross through any work you do not want to be marked.
- If you need additional space, you should continue your answers at the end of this book indicating clearly which question you are answering.

Information

- The maximum mark for this paper is 80.
- The marks for questions are shown in brackets.
- Questions 1(c), 1(d), 2(c) and 2(d) should be answered in continuous prose. In these questions you will be marked on your ability to use good English, to organise information clearly and to use specialist vocabulary where appropriate.

BUSS2

Answer **all** questions in the spaces provided.

1 Read the case study below and then answer the questions that follow.

Making a packet?

Text extract adapted from BBC website, 18 September 2006 and 7 July 2005
– not reproduced here, due to third-party copyright constraints.

(a) Explain, with the aid of a numerical example, what is meant by the phrase “...falling net profit margin...” (line 3).

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(4 marks)

(b) Analyse the importance of monitoring quality to *Tyrrells Ltd*.

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(9 marks)

2 Read the case study below and then answer the questions that follow.

High Performance

Chris Bertolotti is only 27, yet owns and manages a highly successful business, *CB Tyres Ltd*. Three years ago, Chris was a tyre fitter with Kwik-Fit before leaving to set up his own internet-based tyre-fitting company. Chris's company now supplies nearly 1000 independent garages with tyres and has an annual turnover of £1.9 million.

Chris had worked for Kwik-Fit for five years. It was during this period that he spotted a gap in the market for the supply of famous brand specialist tyres (eg Pirelli) for high performance cars. He set up *CB Tyres Ltd* in 2004. Customers order tyres on the internet. The following day they have them fitted at the nearest garage to them which is a member of Chris's 'Performance Tyres Scheme'. Chris explains his business. "I hold the stock at the warehouse in Coventry and dispatch them as soon as an order is received. The garage then fits the tyres for my customers. Having an efficient network of garages supplying tyre fitting services for me is essential. High quality customer service is the most important operational issue for my business."

Table 1: Revenue, cost and profits budget CB Tyres Ltd August and September 2007

	August		September	
	Budget (£000s)	Actual (£000s)	Budget (£000s)	Actual (£000s)
Sales revenue		162 500	170 000	166 000
Purchases of stock	86 750	86 700	90 010	89 450
Wages and salaries	16 850	16 600	17 360	17 400
Overheads	40 110	42 000	40 110	41 500
Other costs	12 400	13 000	12 980	12 850
Total costs	156 110	158 300	160 460	
Profit/(Loss)	7 890	4 200	9 540	4 800

The company's workforce is currently twelve people and has risen steadily as Chris has appointed people through external recruitment. The company employs an office manager, a warehouse manager as well as administrators and drivers. All Chris's employees are full-time, permanent employees.

CB Tyres Ltd's turnover has increased from £190 000 in 2004 to its current figure of £1.9 million. Chris recognises that his policy of supplying customers quickly and efficiently is his business's USP and a major factor in sales growth. Chris has also maintained a policy of keeping prices low; his extensive advertising stresses the quality of service and price competitiveness, though this is difficult against larger rivals such as Kwik-Fit.

The financial side of the business has caused some problems. The company has relatively high fixed costs in the form of stocks of tyres and the costs of maintaining its delivery network and website. These costs have been a burden whilst sales have been low. Chris's pricing policy has meant that profit margins have been slim (at 5%) and the company has had to sell high volumes to make a reasonable profit.

