



General Certificate of Secondary Education
2012

Business Studies

Unit 2: Business Development

[GBS21]

WEDNESDAY 30 MAY, MORNING



GBS21

StudentBounty.com

Centre Number
71

Candidate Number

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.

Write your answers in the spaces provided in this question paper. There should be enough extra 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 book.

Answer **all three** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 90.

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question. Quality of written communication will be assessed in questions **1(e)**, **2(e)**, and **2(f)**.

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

(d) Apart from trading on-line, identify **three** methods by which 2M might achieve internal/organic growth. Analyse the implications for 2M of **each** of those methods, stating both positive and negative implications.

1. _____

2. _____

3. _____

[9]

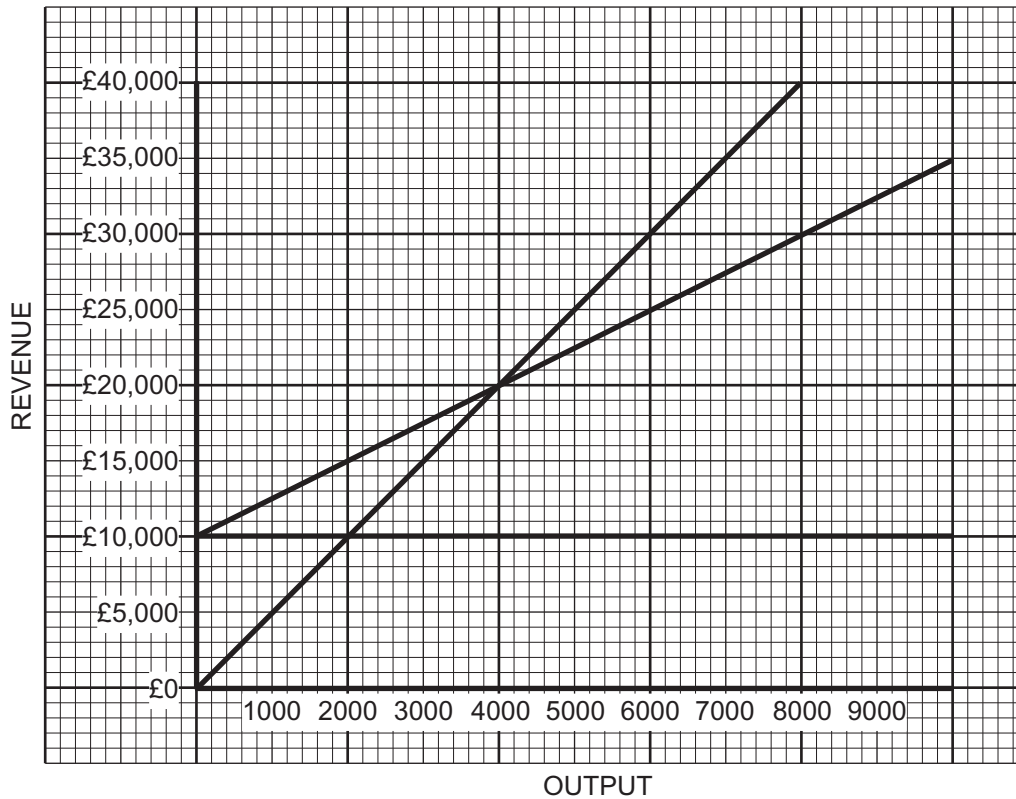
Examiner Only	
Marks	Remark

3

Office Essentials Ltd manufactures small office equipment.
One of its popular products is a desk calculator.

Examiner Only	
Marks	Remark

The breakeven chart for the company's best-selling calculator is shown below:



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

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

[6]

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

Output at breakeven point _____ [1]

Sales revenue at breakeven point _____ [1]

Fixed costs _____ [1]

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

The sales revenue at an output of 8000 calculators _____ [1]

The total costs of manufacturing 7000 calculators _____ [1]

(c) The Breakeven Point may also be calculated using the following formula:

$$\frac{\text{Total Fixed Costs}}{\text{Selling Price per Unit} - \text{Variable Cost per Unit}}$$

Use the formula to calculate the breakeven point for another calculator if its total fixed costs per week are £1,000, the selling price is £7 and the variable costs are £2. Calculations should be shown in the space below.

Breakeven Point _____ [2]

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

[6]

Examiner Only

Marks Remark

At the end of the year, the following figures were extracted from the Final Accounts of Office Essentials Ltd:

Net Profit	£21,000
Sales	£105,000
Cost of Goods Sold	£60,000
Average Stock	£20,000

- (e) Use the figures and the following formula to calculate the Net Profit Percentage for Office Essentials Ltd and show your calculations in the space provided:

$$\text{Net Profit Percentage} = \frac{\text{Net Profit}}{\text{Sales}} \times 100$$

Net Profit Percentage _____ [2]

- (f) Use the figures and the following formula to calculate the Stock Turnover Rate for Office Essentials Ltd and show your calculations in the space provided:

$$\text{Stock Turnover Rate} = \frac{\text{Cost of Goods Sold}}{\text{Average Stock}}$$

Stock Turnover Rate _____ [2]

Examiner Only	
Marks	Remark

(g) Analyse the information which your two calculations in parts (e) and (f) give to Office Essentials Ltd about the performance of the business for the year.

[6]

Examiner Only	
Marks	Remark

THIS IS THE END OF THE QUESTION PAPER

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.