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General Certificate of Secondary Education 2014

Business Studies

Unit 2

Business Development

[GBS21]

MONDAY 2 JUNE, MORNING

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.

Write your answers in the spaces provided in this question paper.

Complete in blue or black ink only.

There should be enough 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 paper.

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(e) and 2(f).

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

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(Questions start overleaf)

Answer all **three** questions

1

Shades is a large, unisex hairdressing salon in Strabane.		
(a) Shades needs to recruit an extra hairdresser. Each applicant for the post is required to complete an Application Form. Explain one advantage and one disadvantage for Shades of using application forms. Advantage [2 marks]		
Disadvantage [2 marks]		

(b)	Some of the applicants will also be invited for interview. Explain two benefits for Shades of conducting interviews.
	1. [2 marks]
	2. [2 marks]

-	Both Shades and the applicants have certain responsibilities in the selection process. Discuss the following responsibilities. [8 marks]
	Honesty
_	
	Objectivity
•	
•	
•	Fairness
•	
•	
	Confidentiality
•	
•	

(d)	The new hairdresser will receive training in the salon. Identify and describe this type of training and state two reasons why it is suitable for Shades to use. [6 marks]
	Type:
	Description:

(e)	Appraisal is undertaken each year in Shades. Explain three benefits which appraisal would have for Shades as an employer.
	1. [2 marks]
	2. [2 marks]
	3. [2 marks]

(f)	Identify and explain two reasons why motivation among the employees in Shades is important.
	1. [3 marks]
	2. [3 marks]

Ashton Ltd (Belfast) is a successful company which manufactures chocolate and confectionery.		
(a) Ashton Ltd is described as successful. Explain two signs of success you would expect to find in this company.		
1. [2 marks]		
2. [2 marks]		

2

(b)	Discuss three factors which could limit the growth of Ashton Ltd.			
	1. [2 marks]			
	2. [2 marks]			
	3. [2 marks]			

(c)	Ashton Ltd is considering a merger with another successful chocolate manufacturer. Describe a merger and analyse two disadvantages a merger would have for Ashton Ltd. [6 marks]
(d)	The Competition Commission is interested in the planned merger. Describe the role of the Competition Commission. [4 marks]

e)	It is planned that the new company would sell its products to other countries as well as on the home market. Explain how international trade would affect the following aspects of its marketing mix. [8 marks]
	Product
	Price
	Promotion
	Place

f)	Discuss three ways in which e-commerce might support Ashton Ltd's international business.
	1. [2 marks]
	2. [2 marks]
	3. [2 marks]

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(Questions continue overleaf)

3	The Bookworm is a retail shop selling books and magazines in Carrickfergus. The shop is owned and managed by Carolyn.			
	(a)	Carolyn sometimes has difficulty in maintaining a good cash flow. Explain the meaning of "cash flow". [2 marks]		
	(b)	Explain two reasons why cash flow is important in business. [4 marks]		

(c)	hich Carolyn might improve the vorm. [2 marks]		
(d)	The table below lists four costs which are incurred in The Bookworm. In the column beside each cost, state whether it is a fixed cost or a variable cost. [4 marks]		
	COST	TYPE	
	Postage		
	Rent		
	Purchases		
	Rates		
(e) Explain one reason why it is important for Carolyn to know the Breakeven Point in The Bookworm. [2 mark			

	•	ete the spaces in the following formula to te the breakeven point in The Bookworm. [8]
Breake	even =	Total Fixed Costs Selling Price per book – Variable Cost per book
Breake	even =	
Breake		
(g)	Explain	the meaning of "Margin of Safety". [2 marks]

(f) The following information is taken from the accounts of

Total fixed costs are £4,000 per month

Variable costs are £2 per book

Each book sells on average at £10

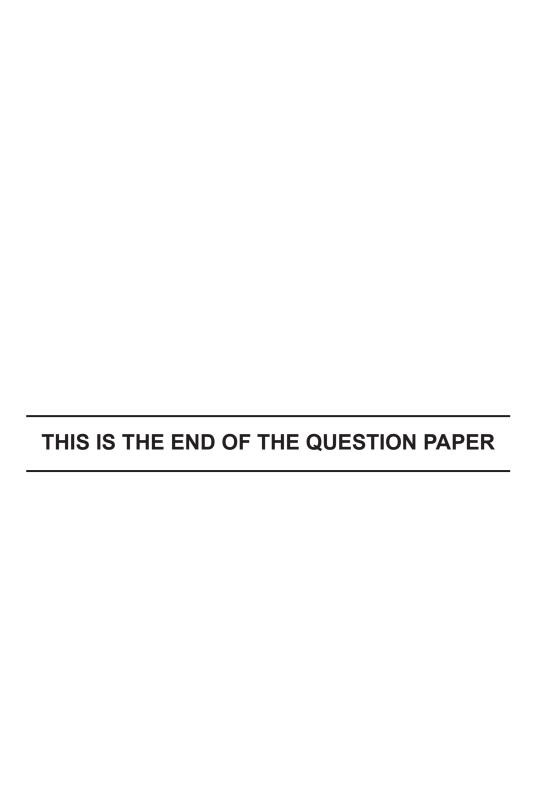
The Bookworm:

(h)	On average, Carolyn sells 550 books per month in The Bookworm. Using this information, calculate the Margin of Safety in The Bookworm and comment on how the business is performing. [4 marks]			

Extra page if required				

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For Examiner's use only		
Question Number	Marks	
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