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General Certificate of Secondary Education 2016

Business Studies

Unit 2

Business Development



[GBS21]

GBS21

FRIDAY 10 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 blue or 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(f), 2(c) and 3(c).

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.



Answer all questions

Rob and Max own a successful sports shop named "A Sporting Chance" in Portstewart. They wish to employ a Sales Manager for the shop.

Rewards

(a) Rob and Max decided to use internal recruitment to fill the post. Explain **one** advantage and **one** disadvantage for A Sporting Chance of this decision.

Advantage	
	
Disadvantage	
	[4



	(b)	Each applicant has been asked to write a Letter of Application. Explain one advantage and one disadvantage for the employers of a Letter of Application.	
		Advantage	
		Disadvantage	
		Disadvantage	
		[4	ŀ]
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(c)	Training will be provided in a Sales Training Centre for the new Sales Manager. Name this type of training and describe one benefit and one drawback it might have for A Sporting Chance.
	Type of Training
	Benefit
	<u> </u>
	Drawback
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(£)	Observation is the method of appraisal which is used in A Charter Charter
(т)	Observation is the method of appraisal which is used in A Sporting Chance. Describe this method and explain two of its advantages.
	·
	
	
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(a)	One benefit of growth and expansion is Economies of Scale. Explain what is meant by "Economies of Scale" and give one example how Economies of Scale may occur when A Sporting Chance expands.
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of A Sporting Chance.
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Analyse two positive and one negative social/moral implications of the growth of A Sporting Chance.
1. Positive Implication
2. Positive Implication
3. Negative Implication
[·

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	The Bank Manager has asked to see their Business Plan. Give details of two other reasons why A Sporting Chance should have a Business Plan.
	1
	2
	[4
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))	
))	Rob and Max are considering using e-commerce as a means of further growth.
))	Rob and Max are considering using e-commerce as a means of further growth.
∌)	Rob and Max are considering using e-commerce as a means of further growth.
e)	Rob and Max are considering using e-commerce as a means of further growth.
∌)	Rob and Max are considering using e-commerce as a means of further growth.
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(g)	Analyse three disadvantages for A Sporting Chance of using e-commerce	ce.
(3)	1	
	2	
	3	
		[6]
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The accounts for A Sporting Chance have been prepared by Samantha.

Rewards

(a) Samantha has drawn up the following Cash Flow Forecast for the three months from June to August 2016.

Receipts	June	July	August
	£	£	£
Opening Balance	46 000	53 006	
Sales		32956	30376
Total Receipts	74670		74938
Payments			
Rates	600	600	600
Advertising	750	1400	0
Insurance	200	200	200
Purchases		19550	9375
Telephone	630	0	0
Cleaning	250	250	250
Wages	3000	3000	3000
Shop Fittings	0	16400	0
Total Payments	21664	41400	
Closing Balance	53 006		61513

Calculate the following amounts and complete the Cash Flow Forecast:

Total Sales for June	[1]
Total Purchases for June	[1]
Total Receipts for July	[1]
Closing Balance for July/Opening Balance for August	[1]
Total Payments for August	[1]



(b)	Compare the opening cash balance in June with the closing cash balance in August, and comment on the expected performance of A Sporting Chance.	
		[4]
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prepared incorrectly.

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(d	"Jewels" and a fruit and vegetable shows the Rate of Stock Turnove	the street between a jewellery shop called e shop called "Five-a-Day". The following table er for each of the three shops. Complete the he appropriate shop opposite its rate of stock
	Rate of stock turnover	Shop
	290 times	
	1.5 times	

[3]

(e) On 31 December 2015, Samantha produced an Income Statement for the year. Study the Income Statement and answer the questions which follow.

INCOME STATEMENT OF A SPORTING CHANCE FOR THE YEAR ENDED 31 DECEMBER, 2015

	£	£
Sales		120 000
Less Cost of Sales:		
Opening Inventory	13200	
Plus Purchases	66800	
	80 000	
Less Closing Inventory	<u>11 300</u>	
Cost of Sales	68700	
Gross Profit		<u>51300</u>
Less Expenses	14900	
Net Profit		36400

Suggest two ways in which A Sporting Chance might increase its Net Profit.

1	
2	
	[2]

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(f)	Use the following formula and the figures provided in the Income Statement to calculate the Net Profit Percentage for A Sporting Chance. Show your calculation (correct to one decimal place) in the space provided.
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THIS IS THE END OF THE QUESTION PAPER	



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		3	
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