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CONTEXT – Dovecotes Dental Practice

Lucy Douglas is a dentist. She qualified 10 years ago and has worked in a number of practices in the North East. She now owns her own dental practice in Newcastle upon Tyne called Dovecotes Dental Practice. Dovecotes is a National Health Service (NHS) practice with some private patients.

Lucy is a sole trader. There are also two other associate dentists who work with her. These dentists are self-employed and they pay Lucy a percentage of their earnings. Lucy also employs a manageress, Margaret Powell, four dental nurses, three receptionists and a hygienist.

Margaret Powell runs the practice on a day-to-day basis and is responsible for ensuring all records are kept up-to-date on the practice's computer system and for the ordering of materials. Lucy herself is responsible for financial aspects of the practice and for recruitment where she uses a number of ways of selecting staff. She ensures the practice fulfils relevant employment legislation.

Lucy has a brother Dominic who is also a dentist. He is currently working as an associate dentist in another local practice but they are considering forming a partnership and opening an NHS dental practice in another town.



Answer ALL questions

1. (a) For each of the questions (i)–(v), write the letter A, B, C or D to show the correct answer. Use the boxes provided.

(i) The 4Ps are also known as

- A the marketing mix
- B the marketplace
- C a market segment
- D a sellers' market

Answer

(ii) Direct mail involves

- A putting advertisements in newspapers
- B sending leaflets to customers
- C putting advertisements on TV
- D putting advertisements on billboards

Answer

(iii) An example of a fixed cost is

- A production workers' wages
- B travel costs
- C raw materials
- D rent

Answer

(iv) Workers being able to do several tasks or jobs is called

- A flow production
- B lean production
- C Computer Aided Manufacture (CAM)
- D multi-skilling

Answer

(v) An example of a current liability is

- A stock
- B debtors
- C creditors
- D cash

Answer

(5)



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(b) (i) Define the term profit.

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(1)

(ii) State **ONE** example of visual communication.

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(1)

(iii) What is a shortlist?

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(1)

(iv) Identify **one** method of training.

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(1)

(v) What is a wage?

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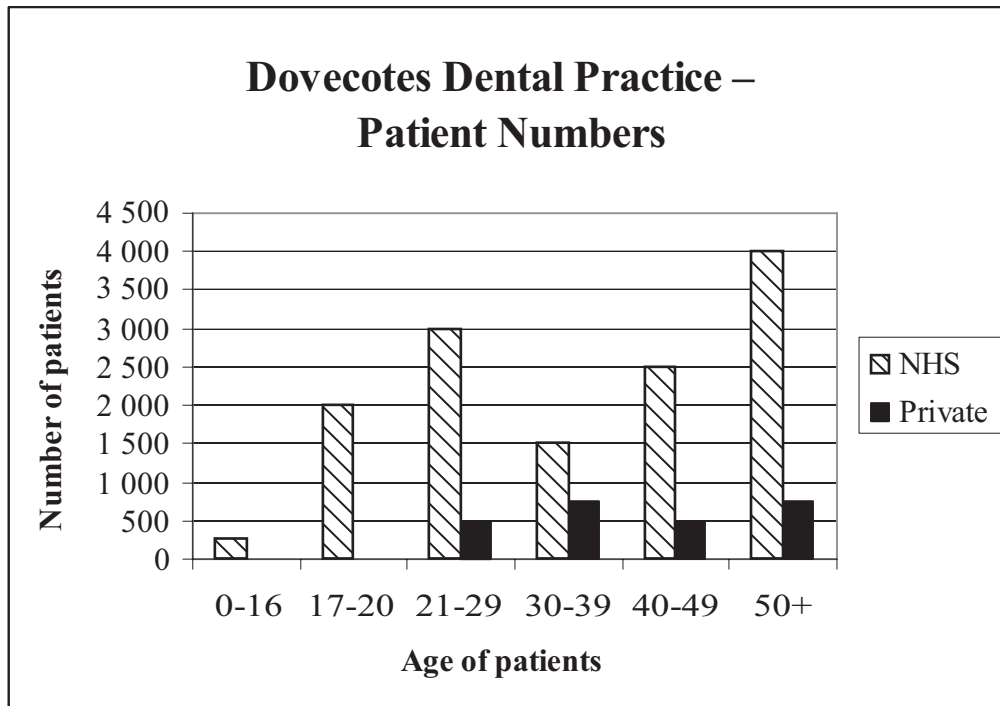
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(1)

QUESTION 1 CONTINUES ON THE NEXT PAGE



Answer the questions using the graph below.



(c) (i) What age group has 1 500 NHS patients?

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(1)

(ii) State the number of private patients who are 50+.

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(1)

(iii) Calculate the total number of patients aged 21-29.

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(1)



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The average treatment charge per patient is £55.

(iv) Calculate the income Dovecotes Dental Practice will receive from its private patients.

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(2)

(v) Suggest why it helps Margaret Powell to know how many patients there are when ordering materials for the dentists.

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(2)

Lucy and Dominic are considering forming a partnership and opening another dental practice.

(vi) Explain **ONE** reason Lucy might have for opening another dental practice.

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(3)

(Total 20 marks)

Q1

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7

Turn over



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2. Lucy has prepared a cash flow forecast. Below is a copy of Dovecotes Dental Practice's cash flow forecast.

**Dovecotes Dental Practice
Cash Flow Forecast**

	October	November	December	January	February	March
Receipts	60 000	70 000	59 000	80 000	60 000	65 000
Other receipts			5 000			
Total receipts	60 000	70 000	<input type="text"/>	80 000	60 000	65 000
Payments						
Wages	12 000	12 000	12 400	13 200	12 000	13 000
Materials	4 000	43 000	3 800	5 100	2 000	4 900
Other payments	8 000	8 500	9 100	158 000	7 400	6 800
Total payments	24 000	63 500	25 300	176 300	21 400	24 700
Net cash flow	36 000	<input type="text"/>	38 700	(96 300)	38 600	40 300
Opening balance	5 000	41 000	47 500	<input type="text"/>	(10 100)	28 500
Closing balance	41 000	47 500	86 200	(10 100)	28 500	68 800

- (a) Complete the cash flow forecast above.

(3)

- (b) Why do you think the closing balance in January is negative?

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(c) Explain what actions Dovecotes could take when it has a cash flow problem.

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(5)

QUESTION 2 CONTINUES ON THE NEXT PAGE



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At the end of the financial year a Profit & Loss Account and a Balance Sheet are prepared.

(d) (i) What does a Balance Sheet show?

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(3)

(ii) Explain why a Profit & Loss Account and a Balance Sheet are prepared.

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(6)

Q2

(Total 20 marks)



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The job advertisement will tell applicants to

- write a letter of application and
- enclose a Curriculum Vitae (CV).

(c) Explain the purpose of **ONE** of the above.

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Once Lucy has sorted through the applications, she will invite applicants for an interview.

(d) How could applicants prepare themselves for an interview?

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(4)



Partnerships have unlimited liability.

(ii) Consider the effects of unlimited liability on Dominic as a partner.

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(4)

(Total 20 marks)

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Q4



There are a number of laws which relate to employing workers that Dovecotes have to obey. One of these laws concerns the minimum wage.

(b) (i) Explain what the minimum wage means for employees at Dovecotes.

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(3)

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