

Candidate Name	Centre Number	Candidate Number



OXFORD CAMBRIDGE AND RSA EXAMINATIONS
General Certificate of Secondary Education

BUSINESS STUDIES A

1951/2

PAPER 2 (Common Core) HIGHER TIER

Thursday **15 JUNE 2006** Afternoon 1 hour 45 minutes

Candidates answer on the question paper.
 No additional materials are required.

TIME 1 hour 45 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces at the top of this page.
 Answer **all** questions.
 Write your answers in the spaces provided on the question paper.
 The spaces should be sufficient for your answers but if you require more space use the lined pages at the end of the booklet and number your answers carefully.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.
 The total number of marks for this paper is 120.
 The quality of your written communication will be taken into account when marking your answers to questions marked with an asterisk (*).

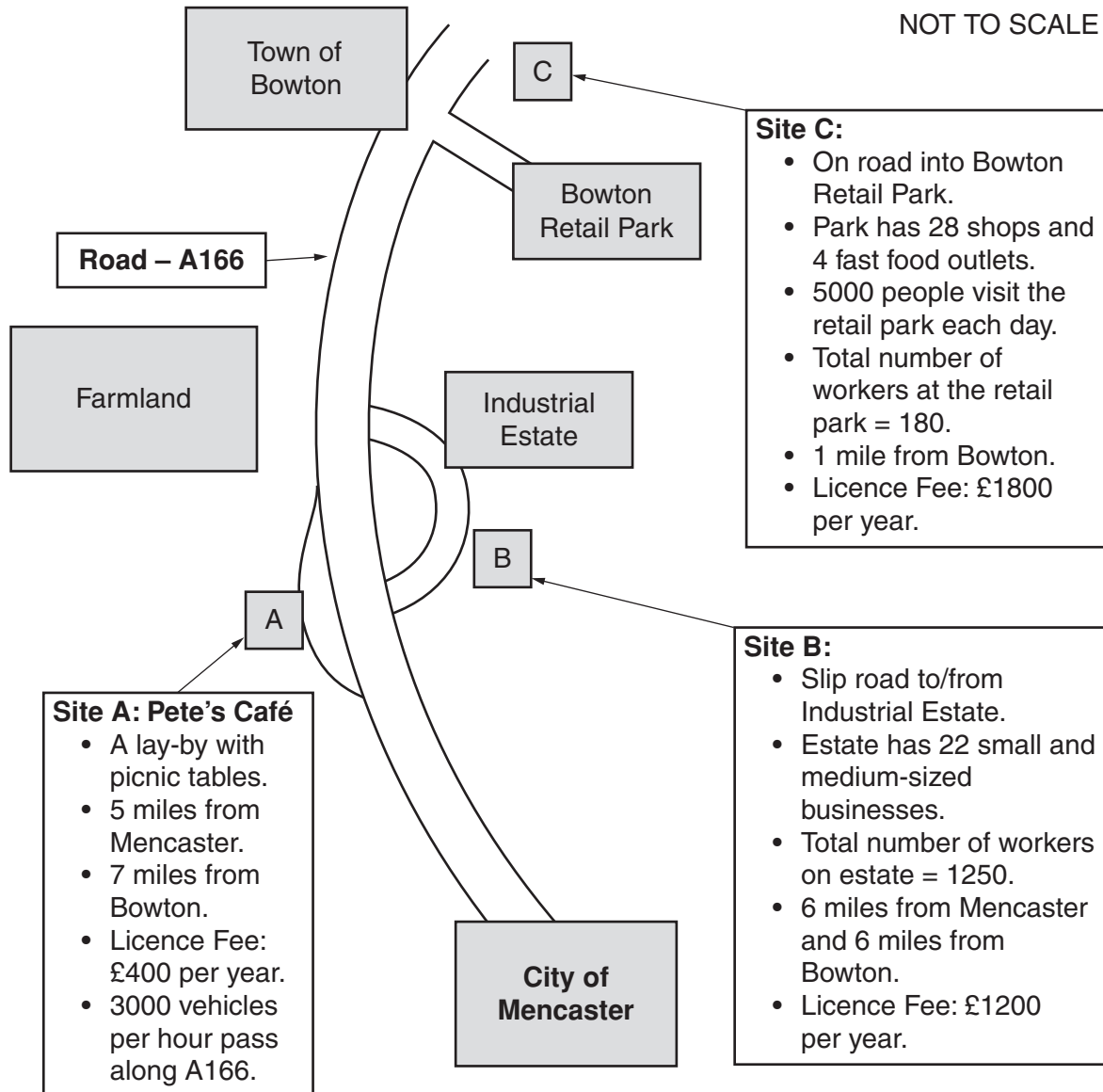
FOR EXAMINER'S USE	
Question 1	
Question 2	
Question 3	
Question 4	
Question 5	
TOTAL	

This question paper consists of 15 printed pages, 2 lined pages and 3 blank pages.

1 Peter Miller started a business called 'Pete's Café' in 2003. He sells drinks and snacks from a trailer parked by the roadside. Fig. 1 below gives information about:

- each of the sites he could have used for his business;
- the licence fee he would have to pay the local Bowton Council for using each site;
- the amount of traffic that passes by;
- business activity in the area.

Fig. 1 - Map of Moorshire County between Mencaster and Bowton.



- 2 (a) In his second financial year, 2004, Peter recorded the following information about sales and the cost of goods sold.

**Table 1 – Pete’s Café – Sales and Cost of Goods Sold Information
Year to 30 December 2004**

Sales Information		Cost of Goods Sold Information	
Number of sales	= 25 000	Stock at the start of the year	= £ 4 000
Average price of each sale	= £4.00	Purchases during the year	= £58 000
		Stock at end of year	= £ 2 000

- (i) Using the information in Table 1, calculate the gross profit for the year 2004. Show your working.

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.....[6]

(ii) State and explain **three** ways in which Peter could have increased his sales at Site A.

Way One.....

Explanation

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Way Two

Explanation

.....

.....

Way Three

Explanation

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.....[6]

- 3 (a) In June 2006, Peter will open a sandwich bar called Pete’s Pantry, in the town of Bowton. He may open it as a sole trader or he may open it as a partnership with a friend, Rosie. He plans to use three of the methods of finance shown in Table 3 below to start up the business.

Table 3 – Possible Methods of Finance – Pete’s Pantry

<i>Methods of Finance</i>
Trade credit
Debentures
Leasing
Share issue
Mortgage

From Table 3, recommend **one** method of finance Peter should use for each of the items listed below. Give reasons for your recommendations.

Purchase of the premises – Cost £120 000

Method of Finance

Reasons for recommendation.....

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Stock – Cost £5000

Method of Finance

Reasons for recommendation.....

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Van – cost £15 000

Method of Finance

Reasons for recommendation.....

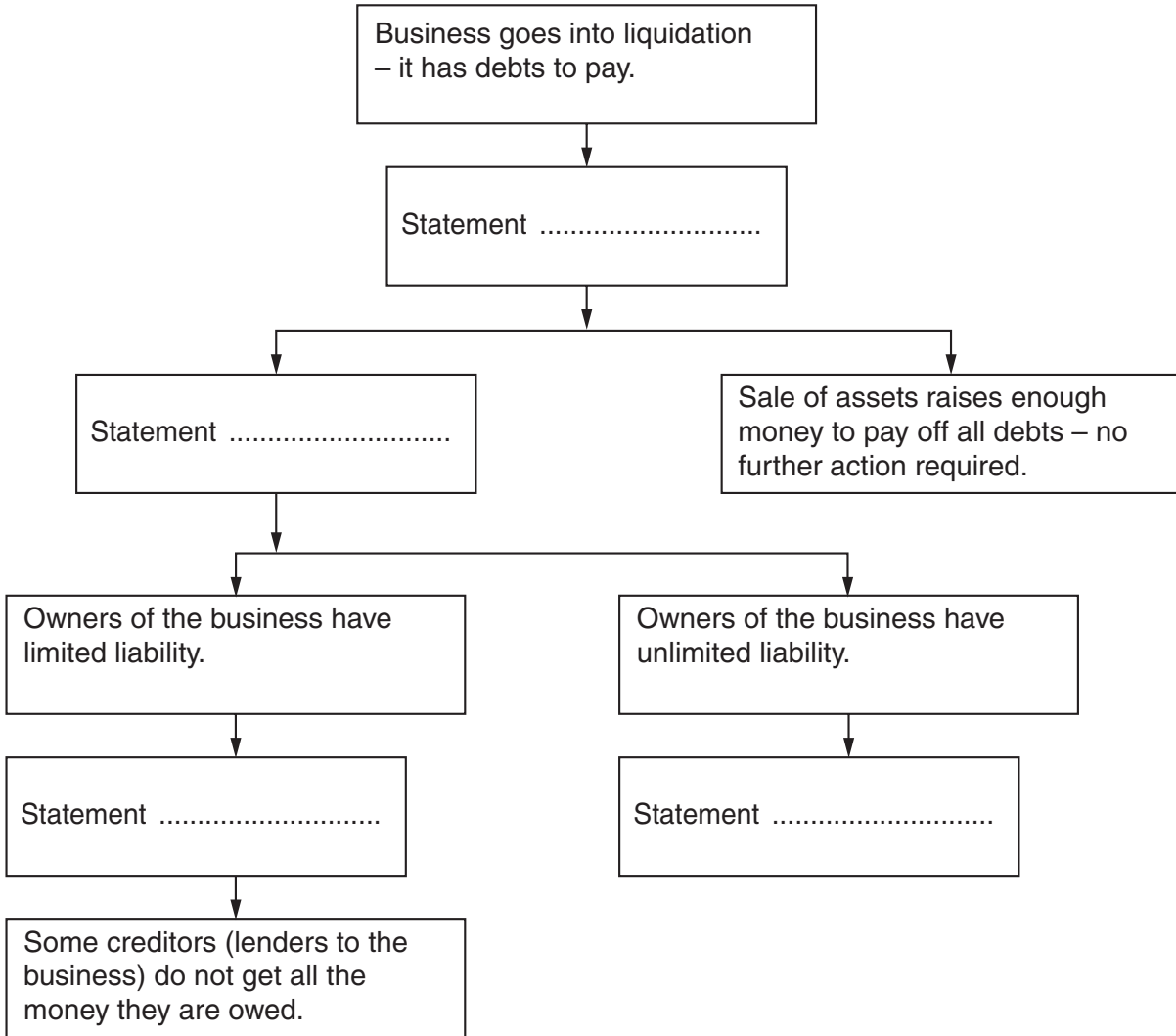
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.....[12]

(b) (i) The flow chart below explains the stages a business will go through if it goes into liquidation. Four stages are missing. Using statements A–D, complete the flow chart by writing the letter for each statement in the correct box.

- A. Owners lose the money they have invested but no more.
- B. Owners must sell their private possessions to repay debts.
- C. The business now sells its assets.
- D. Sale of assets does not raise enough money to pay off all debts.



[4]

(ii) If Peter becomes a partner with Rosie, would he have limited or unlimited liability?

.....[1]

5 (a) Peter and Rosie have designed the following advertisement.

Pete's Pantry - Opening June 30th

Delicious Sandwiches

Ham - Tuna - Egg - Prawn
(and many more)

Cakes and biscuits

Drinks

21 High Street, Bowton
Telephone : 01222 - 234234

Peter and Rosie have a limited amount of money to spend on advertising the sandwich bar.

(i) Identify two suitable advertising media they could use.

- 1. [2]
- 2. [2]

(ii) Which of these two media would you recommend? Give reasons for your recommendation.

Choice

Reasons

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..... [4]

- (b) Peter and Rosie are considering offering a delivery service from the sandwich bar to local offices and shops. Explain **one** advantage and **one** disadvantage to Peter and Rosie of providing this service.

Advantage.....

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Disadvantage.....

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.....[4]

- (c) The following is an extract from an article that appeared in the Bowton Gazette in early 2006.

INFLATION SET TO RISE

Economists have forecast that inflation will rise to 4% in the coming year. Whilst food prices are forecast to remain largely unchanged, wages and interest rates are both predicted to increase.

Discuss how the changes predicted in the article might affect Pete's Pantry.

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.....[8]

[Total : 18 marks]

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