

Candidate Name	Centre Number	Candidate Number

WELSH JOINT EDUCATION COMMITTEE
General Certificate of Secondary Education



CYD-BWYLLGOR ADDYSG CYMRU
Tystysgrif Gyffredinol Addysg Uwchradd

122/01

BUSINESS STUDIES

PAPER 1 (G-C)

FOUNDATION TIER

P.M. THURSDAY, 14 June 2007

(2 Hours)

For Examiner's use only		
Question	Maximum mark	Mark awarded
1.	3	
2.	3	
3.	2	
4.	4	
5.	4	
6.	20	
7.	14	
8.	10	
9.	20	
10.	20	
QWC	5	
Total	105	

ADDITIONAL MATERIALS

Calculators may be used.

INSTRUCTIONS TO CANDIDATES

Write your name, centre number and candidate number in the spaces at the top of this page.

Answer **all** the questions.

Write your answers to all the questions in the spaces provided in this question-and-answer booklet.

INFORMATION FOR CANDIDATES

The mark allocation for each part of a question is shown in brackets.

You will be awarded marks for the quality of written communication.





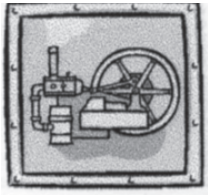

No certificate will be awarded to a candidate detected in any unfair practice during the examination.

Answer **all** the questions in the spaces provided.

1. Which **three** of the following are known as **factors of production**?

[3]







N.B. Tick **three** boxes only.

Land		Tertiary	
Money		Labour	
Capital		Bank Loan	

2. Which **three** of the following are examples of **fixed costs** paid by a coffee shop?

[3]





N.B. Tick **three** boxes only.

Monthly payment for coffee making machine.		Bill for electricity to power the coffee making machines.	
Payment of business rates on premises.		Cost of ingredients.	
Value Added Tax paid to the Government.		Rent for shop.	









3. Which **two** of the following apply to **private limited companies**?

[2]

N.B. Tick *two* boxes only.

<p>The maximum number of shareholders is twenty.</p>			<p>Shares are not sold on the Stock Exchange.</p>	
<p>The name of the company is followed by the letters "Ltd".</p>			<p>The name of the company is followed by the letters "plc".</p>	

4. Below is a list of workers employed in the various sectors of the economy.

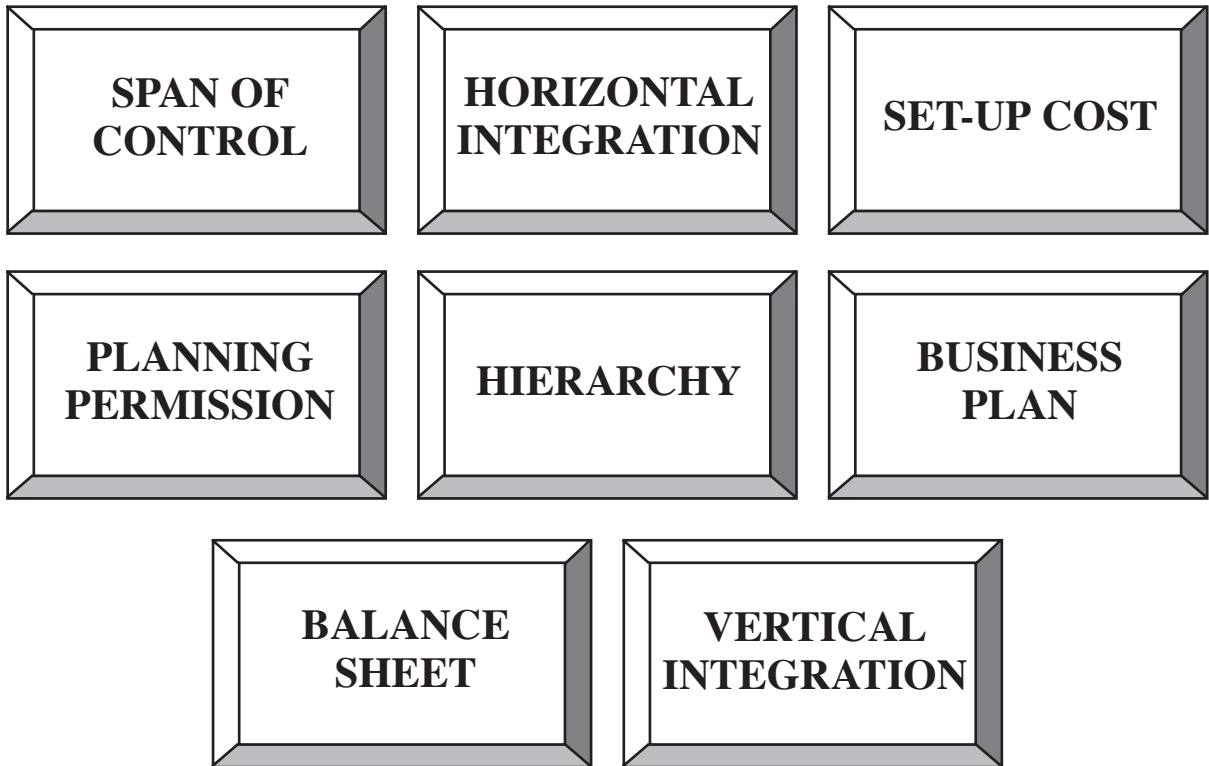
 <p>Car worker</p>	 <p>Oil drilling worker</p>	 <p>Doctor</p>	 <p>Apple grower</p>
 <p>Forestry worker</p>	 <p>Computer programmer</p>	 <p>Coal miner</p>	 <p>Building site labourer</p>

Select the **four** working in the primary sector and write in their jobs in the table below.

[4]

PRIMARY WORKERS

5. Below are a number of terms and phrases used in business.



Which of the above best describes **each** of the following:

[4]

(a) the number of people someone in a business is directly responsible for;

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(b) a measure of the assets and liabilities of a business;

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(c) a firm taking over one of its suppliers of raw materials;

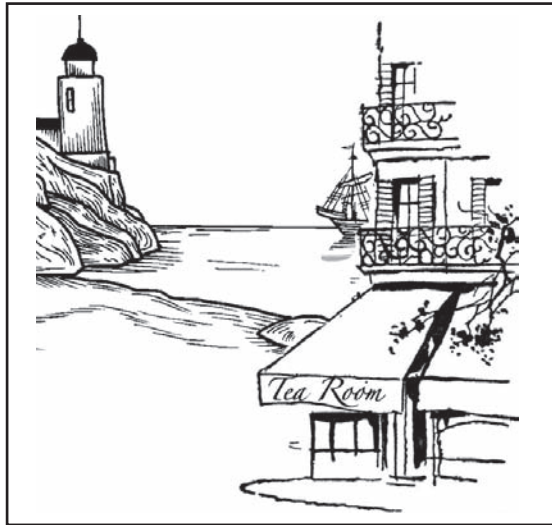
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(d) a document drawn up by a business aimed at persuading a bank to lend it some money?

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6. Frank James owns a small tearoom in a coastal resort in West Wales.



(a) Frank runs his tearoom as a **sole trader**. Suggest and explain **two** reasons why this type of business organisation is suitable for Frank. [4]

(i)

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(ii)

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Frank would like to employ an extra worker.

(b) Suggest **two** items that might appear in a job description **and** explain why they are important. [4]

(i)

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(ii)

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(c) Suggest **two** important qualities the person appointed should have. Explain why they are important to Frank's business. [4]

(i)

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(ii)

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(d) As the business grows Frank is considering taking on a business partner. Discuss whether or not Frank should take on a partner for his business. [8]

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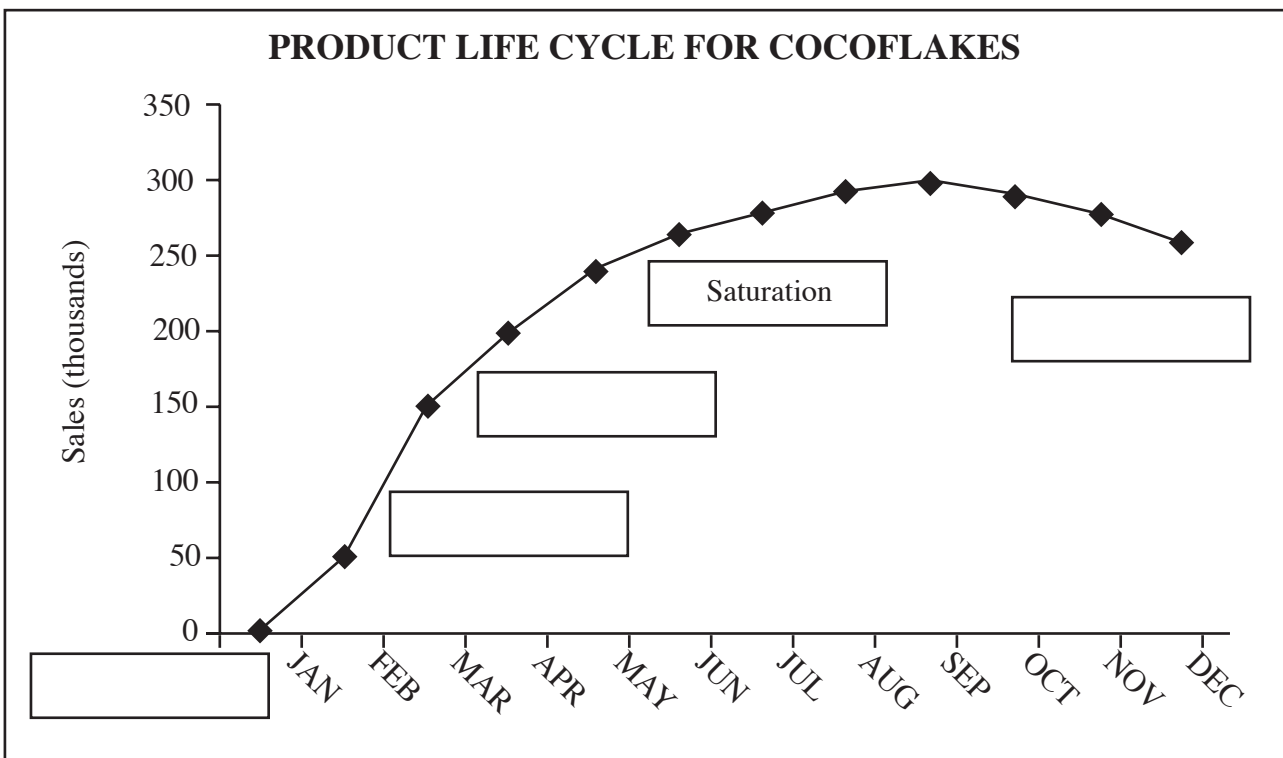
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7. Nettles plc produces breakfast cereal. On 1st January 2006 they introduced a new breakfast cereal for children called CocoFlakes. Early promotions meant that the product sold well to begin with but eventually sales fell.



- (a) On the product life cycle graph below complete the labels to show **Decline**, **Maturity**, **Launch** and **Growth** by filling in the appropriate boxes. [4]



- (b) (i) In which month did sales begin to fall? [1]

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- (ii) What was the highest level of sales in that month? [1]

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(c) Explain what happens in the **Maturity** stage of the product life cycle of CocoFlakes. [2]

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(d) Suggest and evaluate **two** marketing strategies Nettlies plc might adopt to prevent sales falling. [6]

(i)

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(ii)

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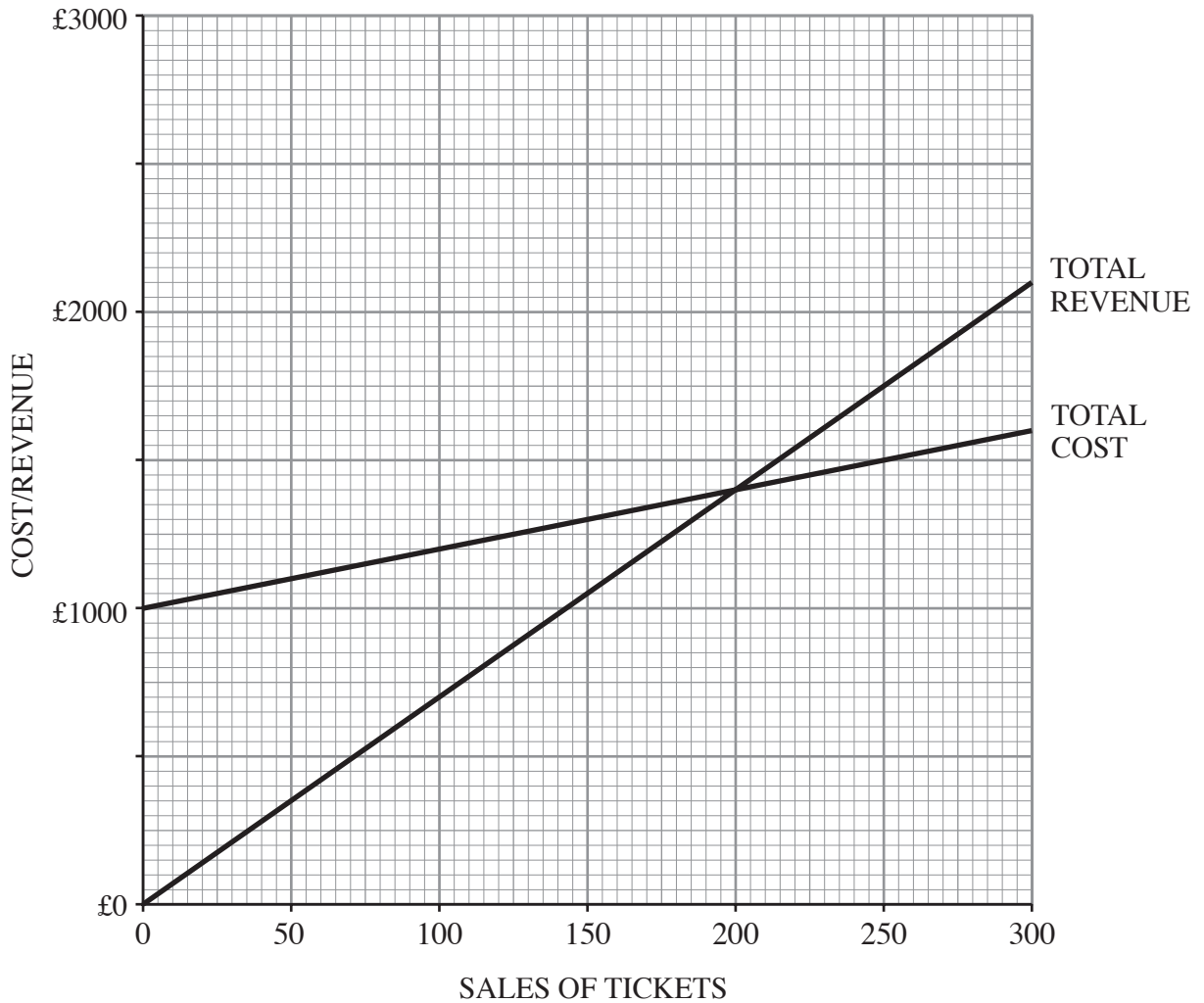
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8. Theatr Ddraig is a small theatre located in the Mid Wales town of Llandisant. The theatre can have an audience of up to 300 people. Each person attending a performance pays £7 so when the theatre is full £2,100 will be taken.

Below is a partly completed break-even chart.



- (a) On the diagram above draw and label the fixed cost line. [2]
- (b) Explain what is meant by **break-even**. [1]

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- (c) How many tickets must be sold for the theatre to break-even? [1]

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- (d) How much profit will the theatre company make when the theatre is full? [2]

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(e) The theatre has had disappointing sales. The owners have decided to carry out market research to find out what can be done to increase the size of its audiences. Describe **two** types of market research it could use. [4]

(i)

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(ii)

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9. Fiona Howe is the Managing Director and main shareholder in Posh Paws Ltd. The business provides grooming services for dogs and cats in a shop on the outskirts of a large town. The business also has a mobile unit which visits pets in their owners' homes.



The company employs ten staff who are each paid £9 per hour for a forty hour week. Overtime pay is paid at £13.50 per hour.

(a) In one busy week the workers each work for 50 hours. What is the total wage bill paid by the company to its workers? (Show your workings.) [2]

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(b) An increase in the number of customers means that Fiona needs to expand the business. Suggest and explain **two** appropriate sources of finance she could consider to raise the money. [4]

(i)

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(ii)

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(c) Fiona is able to obtain enough money to either extend the shop or buy a new van. She decides to extend the shop. Use this example to explain what is meant by the term **opportunity cost**. [2]

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- (d) Fiona needs to contact a number of people. In each situation given below suggest the best form of communication you would recommend. For each of the situations below select a **different** method of communication. Give a reason for your choice. [4]

SITUATION	METHOD OF COMMUNICATION	REASON
Fiona has to inform a customer that she needs to cancel an appointment later that day.
The local council want to see a copy of the plans for the extension to the shop urgently.

Under Fiona’s leadership the business has been successful. She believes this is because she makes all the decisions without consulting her employees and is in complete control. However, some of her employees feel undervalued and believe the business could do even better.

- (e) Assess the strengths and weaknesses of Fiona’s leadership style. [8]

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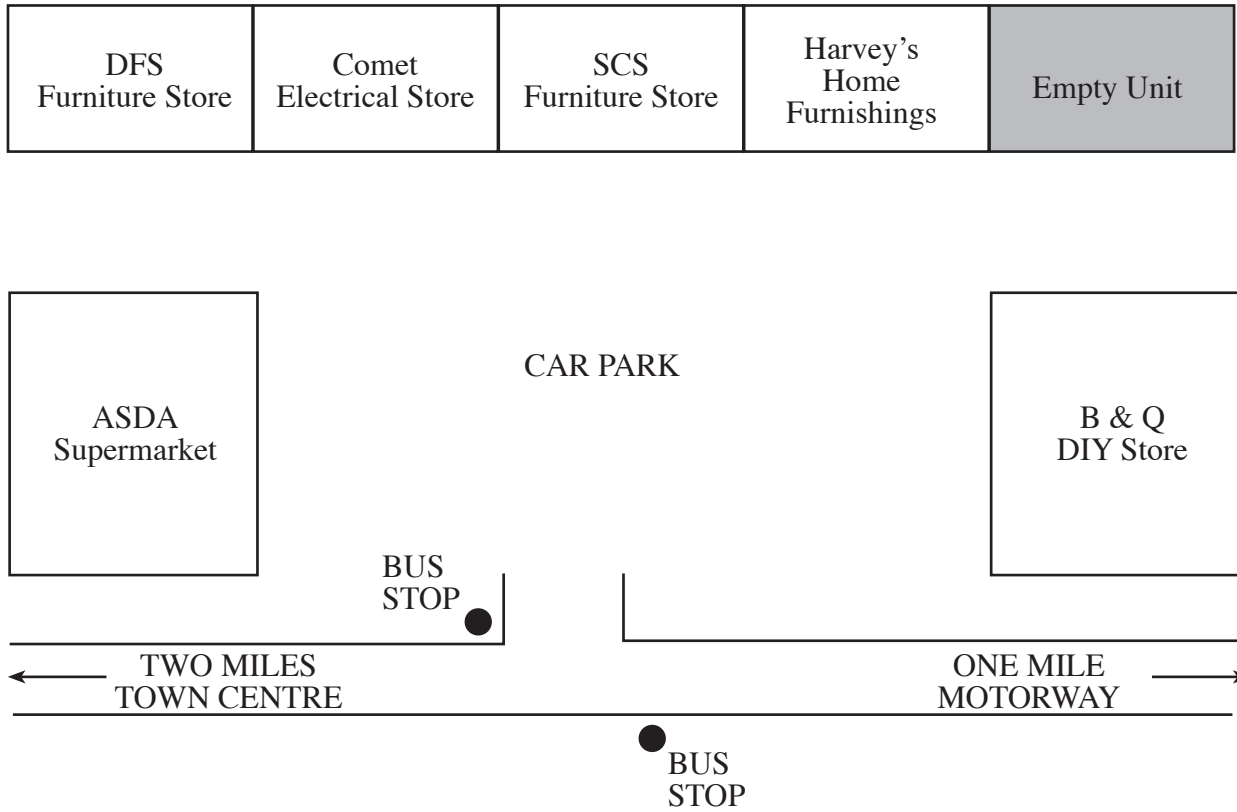
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10. Below is a map showing a retail park two miles from the centre of a medium-sized Welsh town.



(a) Suggest and explain **one** advantage and **one** disadvantage to SCS Furniture Store of being located at this retail park. [4]

Advantage

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Disadvantage

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(b) Explain how this retail park might affect businesses in the town centre. [4]

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(c) SCS sells its furniture from its many shops throughout the United Kingdom. Explain **two economies of scale** from which it may gain. [4]

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(ii)

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(d) Comfi Chair Ltd. sells furniture from its shop in the town centre. It is considering developing a website so that it can sell its goods on the internet. Assess the strengths and weaknesses of this idea. [8]

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