

Candidate Name	Centre Number	Candidate Number
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GCSE

122/01

BUSINESS STUDIES

PAPER 1

FOUNDATION TIER

P.M. TUESDAY, 10 June 2008

2 hours

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.


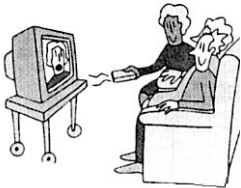




You will be awarded marks for the quality of written communication.

For Examiner's use only		
Question	Maximum mark	Mark awarded
1.	3	
2.	2	
3.	3	
4.	3	
5.	4	
6.	12	
7.	17	
8.	16	
9.	20	
10.	20	
QWC	5	
Total	105	

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

1. Which **three** of the following are normally considered to be **needs** rather than **wants**? [3]





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

Food		Television	
Car		Shelter	
Water		Computer	

Total mark

2. Shelves & Co Ltd. make bookcases for sale in shops throughout the United Kingdom. Which **two** of the following are examples of its **variable** costs? [2]

N.B. Tick **two** boxes only.







Cost of wood used in making the bookcases		Rent on workshop	
Cost of buying machinery to set up the business		Cost of varnish used on the bookcases	

Total mark

3. Which **three** of the following workers are usually found in private sector jobs?

[3]

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

<p>Farm Workers</p> 		<p>Soldiers</p> 	
<p>Police Officers</p> 		<p>Bank Clerks</p> 	
<p>Paramedics</p> 		<p>Hairdressers</p> 	

Total mark

4. Garbs is a shop selling clothes and is located on the outskirts of a small town. The owners have asked the bank for a loan. Before giving the loan the bank wants a copy of the business plan for Garbs. Included in the business plan is the following cash flow forecast.

Garbs Shop Cash Flow Forecast January to June 2008 (Figures in £s)

	Jan	Feb	Mar	April	May	Jun
Total Sales Revenue	2300	4600	4600	4800	2900	3800
Cost of sales	700	1300	1300	1400	900	1400
Rent	1000	1000	1000	1000	1000	1000
Gas & Electricity		100			100	
Wages	800	800	800	800	800	800
Total Costs	2500	3200	3100	3200	2800	3200
Net cash flow	-200	1400	1500	1600	100	600
Opening bank balance	1000	800	2200	3700	5300	5400
Closing bank balance	800	2200	3700	5300	5400	6000

Study the cash flow forecast for Garbs. Which **three** of the following statements are correct? [3]

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

Garbs expects to have £100 in the bank at the end of May	<input type="checkbox"/>
Garbs expects to have £5400 in the bank at the beginning of June	<input type="checkbox"/>
Garbs expects the rent to remain the same throughout	<input type="checkbox"/>
Garbs expects to pay its gas and electricity bills quarterly	<input type="checkbox"/>
Garbs forecasts an overdaft in January	<input type="checkbox"/>
Garbs expects to pay for gas and electricity every month	<input type="checkbox"/>

Total Mark

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

FRANCHISEE	PRIMARY WORKERS	RATE OF INTEREST
NET PAY	?	FRANCHISOR
EXCHANGE RATE	GROSS PAY	TERTIARY WORKERS

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

[4]

(a) pay after all deductions have been taken out;

.....

(b) a business which allows others to use its name in return for royalty payments;

.....

(c) the people in the economy who provide services;

.....

(d) the cost of borrowing money from banks?

.....

Total Mark

6. For many years Brakes Ltd. has been operating as a car repair business using a rented garage. The owners of the site have decided to demolish the garage in order to build apartments. The directors of Brakes Ltd. will need to find a new garage in the same town.

(a) Suggest and explain **three** factors the directors of Brakes Ltd. will need to consider in trying to find a new location for its garage. [6]

(i)

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(ii)

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(iii)

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Brakes Ltd. needs to tell its customers and suppliers about its change of address.

(b) Suggest **three** ways in which the business can inform others of this new address. [3]

(i)

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(ii)

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(iii)

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(c) Which one of your suggestions made in 6(b) would you recommend Brakes Ltd. to use?

Give reasons for your answer.

[3]

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Total Mark

- 7. Below is an advertisement for drivers required by FastVans Ltd. Read the advertisement and answer the questions which follow.



FastVans

LTD.

DRIVERS WANTED

Our business provides door-to-door collection and delivery around the United Kingdom. We are noted for our high quality, friendly service. Success means that we are expanding our operations so we are looking for additional drivers.

Applicants must be qualified to drive a range of vehicles. They should have some experience of working with members of the public and a pleasant, friendly manner is essential.

Write for an application form and for a job description to:

Mrs M Evans
Personnel Manager
FastVans Ltd.
Hirwaun
CF99 1AA

(a) State **two** different places where FastVans Ltd is likely to place a **written** advertisement. [2]

(i)

(ii)

(b) Suggest **three** pieces of information **mentioned in the advertisement** that you would expect to see in a **person specification**. [3]

(i)

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(ii)

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(iii)

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(c) **Apart from** placing the advertisement, describe **three** stages in the recruitment and selection process. [6]

(i)

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(ii)

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(iii)

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(d) Suggest and explain **two** ways in which FastVans Ltd. could make sure it provides the best quality delivery service for its customers. [6]

(i)

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(ii)

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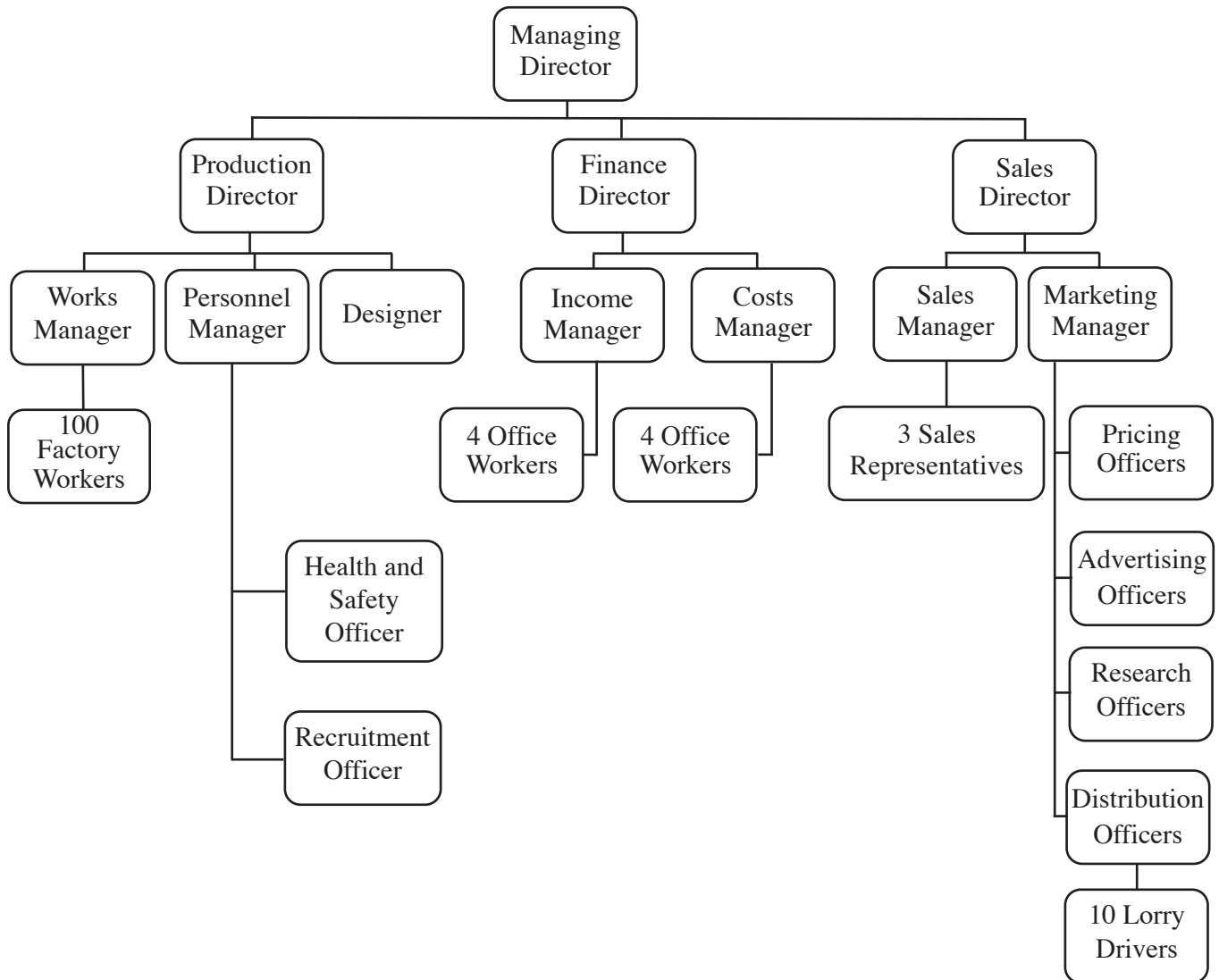
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Total Mark _____

8. Below is an organisation chart for Ace Cards Ltd. This is a company which prints greetings cards in its factory in mid Wales. Ace Cards Ltd. sells its products throughout the United Kingdom.



ACE CARDS LTD ORGANISATION CHART



(a) (i) What is meant by the term **span of control**? [2]

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(ii) What is the span of control of the Works Manager of Ace Cards Ltd.? [1]

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(b) (i) From the chart, state which **director** is responsible for the recruitment of the workers. [1]

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(ii) Which person on this chart is responsible for the whole business? [1]

.....

(iii) Who do the Sales Representatives first report to when there is a problem? [1]

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(c) Businesses, like Ace Cards Ltd., need to be carefully organised to ensure that the business runs smoothly. Explain why an organisation structure, such as the one shown, helps businesses to run smoothly. [4]

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(d) This business has a Sales Department and a Production Department. Describe the main work done by these departments. [6]

(i) Sales Department

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(ii) Production Department

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Total Mark

Turn over.

9. Fred Little and Carol Taylor are business partners who sell **walking** and **cycling** equipment in their shop in a mid Wales town.

(a) Suggest **and** explain **two** advantages to Fred and Carol of being in a business partnership rather than operating as sole traders. [4]

(i)

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(ii)

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Market research on the internet has shown that the five most popular sports, games or physical activities that adults say they take part in are:

Activity	Percentage of adults who take part
Walking	46%
Swimming	35%
Keep fit/yoga - including aerobics and dance exercise	22%
Cycling	19%
Cue sports - billiards, snooker and pool	17%

Adapted from www.statistics.gov.uk

The total is greater than 100% as some adults said that they take part in more than one activity.

(b) What does this data show which might be of importance to Fred and Carol? [2]

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(c) Suggest **and** describe another type of market research Fred and Carol could use to find out whether there is a demand for their shop in the local area. [2]

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Fred and Carol make two big decisions. Firstly they decide to set up a private limited company because they believe there will be many advantages, including the benefit of *limited liability*, but few disadvantages.

(d) (i) Explain why *limited liability* will be of benefit to Fred and Carol. [2]

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(ii) Explain **one** possible **disadvantage** to Fred and Carol of becoming a private limited company. [2]

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The second big decision made by Fred and Carol is to expand by buying and equipping the shop next door to theirs.

(e) Suggest and evaluate ways in which Fred and Carol could raise the finance for their expansion plans. [8]

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Total Mark

Turn over.

10. Read the article below and answer the questions which follow.

IMERYS STRIKE THREAT CALLED OFF

Union members at Imerys, a china clay firm in the south west of England, have voted against industrial action. China clay is extracted from quarries and is mainly used to whiten and give a glossy coating to paper. The firm employs about 2,000 people in the south west of England but plans to shift some operations to Brazil to reduce costs.

The company is the world’s largest producer of china clay, operating in 250 locations in 43 countries.

The Transport and General Workers Union called a ballot of its 900 members after the firm announced that 800 jobs were being lost in Cornwall and Devon. The company said the cuts were necessary and would help ensure the future of the rest of its operations in the south west of England.

Adapted from <http://newsbbc.co.uk> Friday, 23 February 2007

(a) In which sector - primary, secondary or tertiary - does Imerys operate? [1]

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(b) Imerys operates in 250 locations in 43 countries. What name is given to a business which operates in many countries? [1]

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(c) Suggest and explain **two** advantages to be gained by businesses which operate in many countries. [4]

(i)

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(ii)

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(d) Outline **three** ways in which trade unions, such as the Transport and General Workers Union, can help their members. [6]

(i)

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(ii)

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(iii)

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(e) Discuss the effects on the local communities if Imerys were to close down its operations in Cornwall and Devon. [8]

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Total Mark
