Paper Reference(s)

1504/BIS

Edexcel GCSE

Business and Communication Systems

Background Information Sheet
(For the June 2010 Examination)

INSTRUCTIONS

This paper may be issued to candidates from
Friday 6 November 2009

Turn over

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CONTEXT – WebDesPix Ltd (WDP)

In 1999, three students (Tom, Dee and Ali) in the final year of their Computer Studies degrees at Bristol University decided to start a business designing websites. The business was called WebDesPix (WDP). On the advice of Tom's father, John, WDP was a private limited company. John is still involved with the company as non-executive Chair and attends a monthly board meeting, travelling from Suffolk to Bristol. The company has always been located in Bristol. Tom says, "We could have run the company from anywhere in England but, as we were all from different parts of the country, it was easier to locate where we had studied".

The initial capital of £8 000 was raised from the three families. Ali left the company after two years and was bought out by Tom and Dee, who each now own 50% of the shares. They are planning to give John shares in the company. It is company policy to re-invest profits. The company has never had a bank loan but uses an overdraft facility.

The objectives of WDP for 2009 were to:

- consolidate following two years of sustained growth (15% on turnover per annum)
- market all products on-line
- increase use of e-commerce in its own website and those it designs for other companies
- continue trading in a competitive market where anybody can set up as a web designer.

Web design is still the core business of the company but new services include electronic newsletters, domain registrations, hosting and search engine optimisation. The company offers three standard web design packages: Budget at £800, Professional at £1 000 and Executive at £1 500. Each package provides a number of web pages, e-mail facilities and the costs of hosting the site. WDP will give a quotation to clients who require non-standard packages. The majority of clients are in the South West of England but 25% of the company's income is from clients in the South East. WDP uses branding, shown below, with the tag line, 'Like ducks to water'.
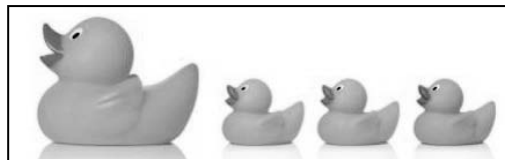
The company is labour-intensive with relatively small overheads. WDP builds and upgrades its own computers. Tom is responsible for sales and finance, and Dee for design and health & safety. All other areas of the business are shared between them. There are seven full-time employees: two sales assistants, two computer coders, two search engine optimisers and a design assistant. All of these salaried positions require highly-qualified (a degree in IT) and skilled people who train new employees as required. Vacancies are advertised on the company website and at regular networking meetings with other businesses in the Bristol area. Tom and Dee interview all applicants personally. There is a three-month probationary period for all new employees.

There are two part-time employees: a Personal Assistant (PA) for Tom and a bookkeeper. The part-time employees present monthly invoices for their services. Full-time employees receive a monthly bonus based on turnover; free health insurance after six months' employment; a free lunch each Friday and the use of a Wii during their breaks. Office hours are five days a week from 0900 to 1730. The two sales assistants receive, in addition to their salary, a commission of 12½% on their sales. No employee works from home.

The main form of communication is by e-mail. Fax is now rarely used. There is occasional use of video-conferencing. The company website displays examples of its web design work. Tom says, "Networking meetings and word-of-mouth are very important and bring us most of our clients". All financial documents are raised by the Sage Accounting package and the PA uses Word, Excel, PowerPoint, Access and Outlook.