



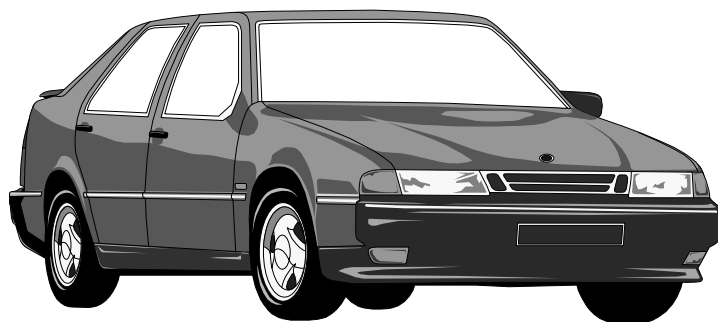
**Read this page, then answer the questions which follow.**

### **Context**

*Comet Cars plc (CC plc)* is a manufacturer of cars. The Head Office and one of its factories are located in the city of Bristol (UK). There are two other UK factories in Coventry and Wolverhampton.

There are many car manufacturers in Europe and the rest of the world. This means that *CC plc* has to survive and operate in a very competitive market. As a result, the directors of *CC plc* realise that the company must produce a quality range of cars in order to stay competitive with other manufacturers.

The directors realise how important it is to keep making and selling new cars that appeal to customers.



**Answer ALL questions.**

1. (a) For each of the questions (i) – (v), indicate your answer by marking the box (☒). If you change your mind, put a line through the box (☒) and then indicate your new answer with a cross (☒).

(i) Batch and Flow are methods of

- A administration
- B finance
- C marketing
- D production

(ii) CAD is the abbreviation used in business for

- A Capital And Debentures
- B Cash And Delivery
- C Computer Aided Design
- D Credit Allowed Discount

(iii) *CC plc* will use stock control when

- A buying shares in other businesses
- B issuing items from factory stores
- C judging the amount of tax it owes
- D paying invoices owed to its suppliers

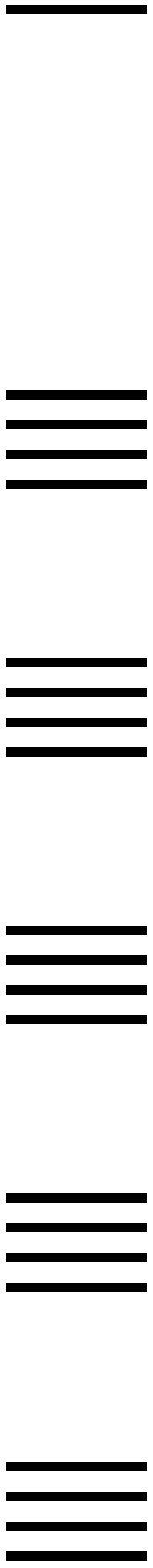
(iv) *CC plc* uses lean production methods. One advantage of this to *CC plc* is

- A costs fall leading to higher profits
- B costs fall leading to lower profits
- C costs rise leading to higher profits
- D costs rise leading to lower profits

(v) The efficiency of *CC plc*'s employees can be measured by their

- A accountability
- B hierarchy
- C liability
- D productivity

**(5)**



M 2 5 7 1 0 A 0 3 1 2

*CC plc* has different departments. These include

- Finance
- Personnel (Human Resources)
- Production

(b) Give **one** example of an activity in each department that would help *CC plc* carry out its work.

(i) Finance Department

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**(2)**

(ii) Personnel (Human Resources) Department

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**(2)**

(iii) Production Department

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**(2)**



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*CC plc*'s Personnel (Human Resources) Department is based at its Bristol Head Office.

(c) How will this Department work closely with the Production Departments in each factory?

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**(4)**

*CC plc* has a quality control system.

(d) (i) What is meant by quality control?

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**(2)**

(ii) Analyse **one** problem that *CC plc* will have if it makes poor quality cars.

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**(3)**

**(Total 20 marks)**

**Q1**

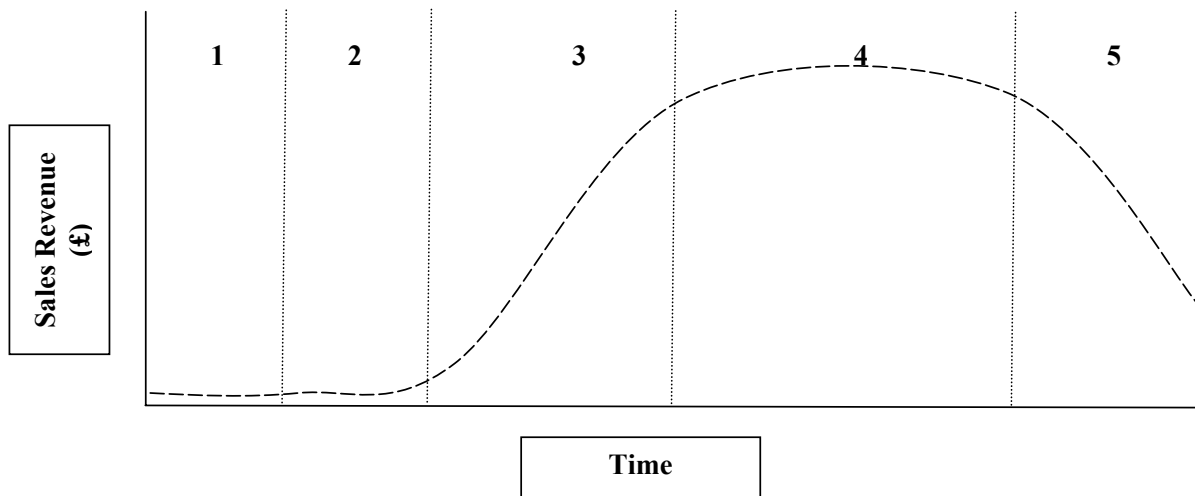
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2. Each type of car made by *CC plc* has a product life-cycle. The product life-cycle starts with its Development stage. This is shown as number 1 on the chart below. The other stages of the product life-cycle are numbered on the chart below.

(a) Name each of the four stages of the product life-cycle numbered 2, 3, 4 and 5.

### Product life-cycle



1 Development

2 .....

3 .....

4 .....

5 .....

(4)





The directors have been given a summary of the most recent Balance Sheet for *CC plc*. This summary is shown below.

**Balance Sheet for *CC plc* at 5 April 2007**

	£million	£million
Fixed Assets		400
Current Assets	150	
Current Liabilities	<u>90</u>	
Working Capital		<u>60</u>
		460
Bank Loan		<u>40</u>
		<u>420</u>
Share Capital		300
Undistributed Profit		<u>120</u>
		<u>420</u>

(c) (i) How much money has *CC plc* reinvested in the company, rather than paid to its shareholders?

..... (1)

(ii) Give **two** examples of assets that *CC plc* is likely to have.

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 .....  
 ..... (2)





Leave blank

*CC plc*'s Balance Sheet contains both share capital and a bank loan.

(d) Describe **two** differences between share capital and a bank loan.

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**(4)**

(e) How can *CC plc*'s directors use the information in this Balance Sheet for decision making?

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**(3)**

**(Total 20 marks)**

**Q2**

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3. *CC plc* is in the secondary sector of the UK economy.

(a) What is meant by secondary sector?

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(2)

(b) (i) Which **two** types of business in the **tertiary** sector could *CC plc* trade with?

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(2)

(ii) For each type of business named in (i), give **one** example of how *CC plc* will trade with it.

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(2)



The directors of *CC plc* have set objectives for the company.

(c) (i) State why it is important for a business such as *CC plc* to set business objectives.

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(2)

(ii) From the list below, select the **two** objectives that *CC plc* is **most likely** to set.

Tick **two** boxes.

- To cut the costs of making each car.
- To sell cars at a financial loss.
- To make cars with fewer safety features.
- To pay higher rates of interest on money borrowed.
- To have an effective marketing strategy.
- To stop making spare parts for each car.


(2)

**TURN OVER FOR QUESTION 3 (d)**



(d) (i) Name **one** Act of Parliament or other law that affects the work of *CC plc*.

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**(1)**

(ii) Consider how this Act of Parliament or other law will affect the work of *CC plc*.

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**(5)**

(iii) Analyse **one** way, other than through Acts of Parliament, that the UK Government affects the work of *CC plc*.

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**(4)**

**(Total 20 marks)**

**TOTAL FOR PAPER: 60 MARKS**

**END**

**Q3**

