

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 (☒).

1. (a) In the table below, identify the business activities as primary, secondary or tertiary. The first one has been done for you.

Business activity	Primary	Secondary	Tertiary
Baking bread	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Farming	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
House building	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Running a hotel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hairdressing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Drilling for oil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(5)

Many businesses, such as McDonald's and Coca-cola, benefit from branding.

- (b) Explain why branding is important to such businesses.

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(5)



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Businesses have many objectives including survival, wealth creation and growth.

(c) Discuss the importance of **survival** as a business objective.

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(5)

Effective communication in business is vital because poor communication can cause serious problems for employers and employees.

(d) To what extent can the use of computer networks overcome communication problems in an international business with offices throughout the world?

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(5)

(Total 20 marks)

Q1

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2. Below is the Trading and Profit and Loss Account prepared by a medium-sized business.

Trading and Profit and Loss Account		
Year ended 31 December 2006		
	£000	£000
Turnover		500
Cost of Sales		<u>300</u>
Gross Profit		200
Expenses		
Rent	10	
Wages	35	
Power	5	
Advertising	20	<u>70</u>
Net Profit		130

(a) (i) What do the following terms from the Trading and Profit and Loss Account mean?

Turnover

Cost of Sales

Expenses

(3)

Fixed and current assets are listed in the Balance Sheet of this business.

(ii) Give **one** example of a fixed asset and **one** example of a current asset.

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(2)



Many retail businesses use Electronic Fund Transfer at Point of Sale (EFTPOS).

(b) How would the use of EFTPOS by a retail business improve its productivity?

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(5)

A medium-sized business has plans to expand after five years of successful trading. Part of this expansion includes the purchase of new manufacturing machinery. The directors have decided to take out a bank loan for this purpose.

(c) Analyse the advantages and disadvantages of using a bank loan for this purpose.

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(5)



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Some businesses motivate their employees by using reward systems. Such systems might include the payment of wages, salaries, commissions and bonuses.

(d) To what extent does the payment of **commission** motivate employees.

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(5)

Q2

(Total 20 marks)

TOTAL FOR PAPER: 40 MARKS

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