

Answer ALL the questions.

1. Below are six statements.

- A A business has a share capital of £50 000 or more.
- B In this business, profits are not shared.
- C A business pays fees to trade under a recognised brand name.
- D Shares can only be sold with the permission of existing shareholders.
- E The retirement or death of one of the owners can end the business.
- F There is one vote per person regardless of the number of shares held.

(a) Identify, using the letters A, B, C, D, E, and F **once only**, the statement that matches the type of business organisation. The first one has been done for you.

- Co-operative **F**
- Sole trader
- Partnership
- Private Limited Company (Ltd)
- Public Limited Company (plc)
- Franchise

(5)



Below is an extract from the Balance Sheet for a small business.

	2007 (£000)	
Fixed Assets		280
Current Assets		
Stock	10	
Debtors	12	
Cash	<u>3</u>	
		25
Current Liabilities	<u>20</u>	
Working Capital		5

The formula for current ratio is
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

The formula for acid test ratio is
$$\frac{\text{Current Assets} - \text{Stock}}{\text{Current Liabilities}}$$

(b) (i) Calculate the current ratio and the acid test ratio for 2007.

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(2)

(ii) Why might the managers of this business consider the ratios to be low?

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(3)



2. (a) (i) List **three** methods used in secondary market research.

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(3)

(ii) Define the terms below.

Market orientation

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Market share

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(2)



In 2004, Safeway, a supermarket company with 479 stores, was taken over by Morrison, another supermarket company with 125 stores. One result of this takeover would be increased opportunities for managerial and trading internal economies of scale.

(b) Using managerial and trading economies of scale, explain how Morrison would benefit from this takeover.

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When a business recruits employees it will usually draw up a job description and a job (person) specification for each position.

(c) Analyse the function of a job description and a job specification **for a person thinking of applying for a position.**

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Supermarkets, such as those operated by Morrison, are carefully located. Such retail businesses would consider their competitors when deciding the location for a new supermarket.

(d) Suggest why a study of competitors is important when Morrison decides where to locate a new supermarket.

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Q2

(Total 20 marks)

TOTAL FOR PAPER: 40 MARKS

END

