

Read this page, then answer the questions which follow.

Context

Joan's Taxis is a business located in the United Kingdom. Joan is the owner, and runs the business as a sole trader. Joan's business is expanding, and she is currently recruiting and training new taxi drivers.

The taxis that Joan uses are manufactured by *Merchant Motors Ltd*, a company that uses flow production methods to make taxis.

The directors of *Merchant Motors Ltd* plan to start making motor vans and other commercial vehicles as well as taxis. They will need to recruit more employees to make these vans and commercial vehicles. Both *Joan's Taxis* and *Merchant Motors Ltd* value the importance of induction training.



Answer ALL questions.

Some questions must be answered with a cross in a box (☒). If you change your mind about an answer, put a line through the box (☒) and then indicate your new answer with a cross (☒).

1. (a) (i) Controlling the amount of pollution from taxis is an example of
- A an economic influence
 - B an environmental influence
 - C a social influence
 - D a technological influence **(1)**
- (ii) An example of division of labour is where employees
- A divide their earnings equally
 - B divide their work areas
 - C specialise in certain tasks
 - D split their day into different parts **(1)**
- (iii) 'Ltd' in its name means that *Merchant Motors Ltd*
- A has limited funds available to invest
 - B has limited time only to make and sell its products
 - C is limited to making taxis only
 - D is a limited liability company **(1)**
- (iv) Customers and the local community are examples of *Merchant Motors Ltd's*
- A services
 - B shareholders
 - C stakeholders
 - D suppliers **(1)**
- (v) *Joan's Taxis* is owned by Joan, a sole trader. This means that Joan can
- A employ as many people as she wants to
 - B employ nobody else because she is the sole trader
 - C only employ drivers because of the work that is done
 - D only employ people to work when she is in the office **(1)**



Merchant Motors Ltd employs people who specialise in different aspects of making taxis, for example, spray painters, mechanics and electricians.

(b) What would be **one** benefit to *Merchant Motors Ltd* from employing specialists?

.....
.....
.....
.....
.....

(3)

The Marketing Department of *Merchant Motors Ltd* carries out different marketing tasks.

(c) Using the list of business tasks below, select and tick the **four** tasks that are most likely to be carried out by the Marketing Department.

Tick **only** four boxes.

Producing the company's final accounts

Organising the production of the company's taxis

Arranging distribution of the products

Examining the product life-cycle of a type of taxi

Interviewing candidates who have been shortlisted

Promoting staff who have worked hard

Creating the budgets for the company

Suggesting a suitable pricing strategy for the taxis

Promoting the taxis made by the company

(4)



The work at *Joan's Taxis* is labour-intensive. The work at *Merchant Motors Ltd* is capital-intensive.

(d) What is the difference between **labour-intensive** work and **capital-intensive** work?

.....
.....
.....
.....

(2)

Some of *Merchant Motors Ltd's* employees receive productivity bonuses.

(e) (i) What is meant by the term 'productivity'?

.....
.....
.....
.....

(2)

(ii) Analyse **two** ways that *Merchant Motors Ltd* could increase its productivity.

.....
.....
.....
.....
.....
.....
.....
.....

(4)

(Total 20 marks)

Q1

--	--



2. *Joan's Taxis* operates a system of budgeting.

(a) Describe **one** way that budgeting can help Joan in running her business.

.....

(2)

Joan has produced an extract from her Balance Sheet for 2009.

Current Assets	£
Stock of goods	2 000
Debtors (credit customers)	2 000
Cash in hand and at bank	6 000

Current Liabilities	£
Creditors (suppliers on credit)	2 500
Bank overdraft	7 500

(b) (i) Using these figures and the formulas below, calculate the Current Ratio and the Acid Test Ratio.

$$\text{Current Ratio} = \text{Current Assets} : \text{Current Liabilities}$$

$$\text{Acid Test Ratio} = \text{Current Assets} - \text{Stock} : \text{Current Liabilities}$$

Current Ratio

.....

(2)

Acid Test Ratio

.....

(2)



(ii) To what extent will the information from these ratios help Joan run her business?

.....
.....
.....
.....
.....
.....
.....
.....

(4)

Joan is recruiting new taxi drivers.

(c) State **three** items that are likely to be included in the job description for a new taxi driver.

.....
.....
.....
.....

(3)

All new taxi drivers are put on the induction training course run by *Joan's Taxis*.

(d) Give **three** items of information that would be suitable to include in induction training.

.....
.....
.....
.....
.....

(3)



(e) What would be **one** benefit of induction training to

(i) a new taxi driver?

.....
.....
.....
.....

(2)

(ii) *Joan's Taxis?*

.....
.....
.....
.....

(2)

(Total 20 marks)

Q2

--	--



3. *Joan's Taxis* buys taxis from *Merchant Motors Ltd*.

(a) (i) Give **one** example of a suitable source of finance for *Joan's Taxis*, and **one different** example for *Merchant Motors Ltd*.

.....
.....
.....
.....

(2)

(ii) Give **one** example of a suitable use of profits for *Joan's Taxis*, and **one different** example for *Merchant Motors Ltd*.

.....
.....
.....
.....

(2)

Merchant Motors Ltd makes its taxis using the flow (mass) method of production.

(b) (i) State **two** features of flow production.

.....
.....
.....
.....

(2)



Leave
blank

(ii) Evaluate *Merchant Motors Ltd*'s decision to use flow production when making its taxis.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(8)



The directors of *Merchant Motors Ltd* want to see if there will be a market for the motor vans and other commercial vehicles they plan to start making.

(c) What would be the advantages to the directors of using **both** primary and secondary market research to see whether there is a market for these motor vehicles?

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

(6)

Q3

(Total 20 marks)

TOTAL FOR PAPER: 60 MARKS

END



BLANK PAGE

