

Surname	Centre Number	Candidate Number
Other Names		0



GCSE

4080/01

BUSINESS STUDIES

P.M. TUESDAY, 22 May 2012

2 hours

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	2	
2.	3	
3.	4	
4.	7	
5.	4	
6.	20	
7.	20	
8.	20	
9.	20	
Total	100	

ADDITIONAL MATERIALS

Calculators may be used.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen. Do not use pencil or gel pen. Do not use correction fluid.

Write your name, centre number and candidate number in the spaces at the top of this page.

Answer **all** questions.

Write your answers to all the questions in the spaces provided in this question-and-answer booklet.

If you run out of space, use the continuation pages at the back of the booklet, taking care to number the question(s) correctly.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

You are reminded that assessment will take into account the quality of written communication used in your answers to questions 6 (*e*) and 9 (*e*).







Answer **all** the questions in the spaces provided.

1. Which **two** of the following apply to public limited companies?

[2]

Tick **two** boxes only.

 <p>Shares can be bought on the Stock Exchange</p>	1	 <p>The name of the company is usually followed by the letters "Ltd"</p>	2
 <p>The minimum number of partners is two</p>	3	 <p>The name of the company is usually followed by the letters "plc"</p>	4

2. Which **three** of the following have happened as a result of the United Kingdom's membership of the European Union? [3]

Tick **three** boxes only.



It has become harder to travel between European Union countries	1
No customs duties are paid when moving goods between European Union countries	2
There are barriers to trade between British and European Union businesses	3
There is more trade with other European Union countries	4
Workers from other European Union countries find it easier to work in the United Kingdom	5



3. Byron Edwards is paid £12 per hour for a 40 hour week. He pays £44 in income tax and £36 National Insurance contributions as well as £10 to his favourite charity.

(a) Which of the following is a **voluntary** deduction: income tax, National Insurance or charity donation? [1]

.....

Below is part of Byron's weekly pay slip.

(b) Using the information above, complete this pay slip. [3]

GROSS PAY	1
TOTAL DEDUCTIONS	2
NET PAY	3



4. (a) Below are examples of types of finance which may be required by businesses. Select **three** which are **external** forms of finance. [3]

Bank Loan	Retained Profit
Government Grants	Selling assets
Personal Savings	Selling shares on the Stock Exchange

EXTERNAL FINANCE	
1	
2	
3	

- (b) Suggest and explain **two** factors a business will need to consider if it is trying to raise extra finance. [4]

(i)

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.....

.....

(ii)

.....

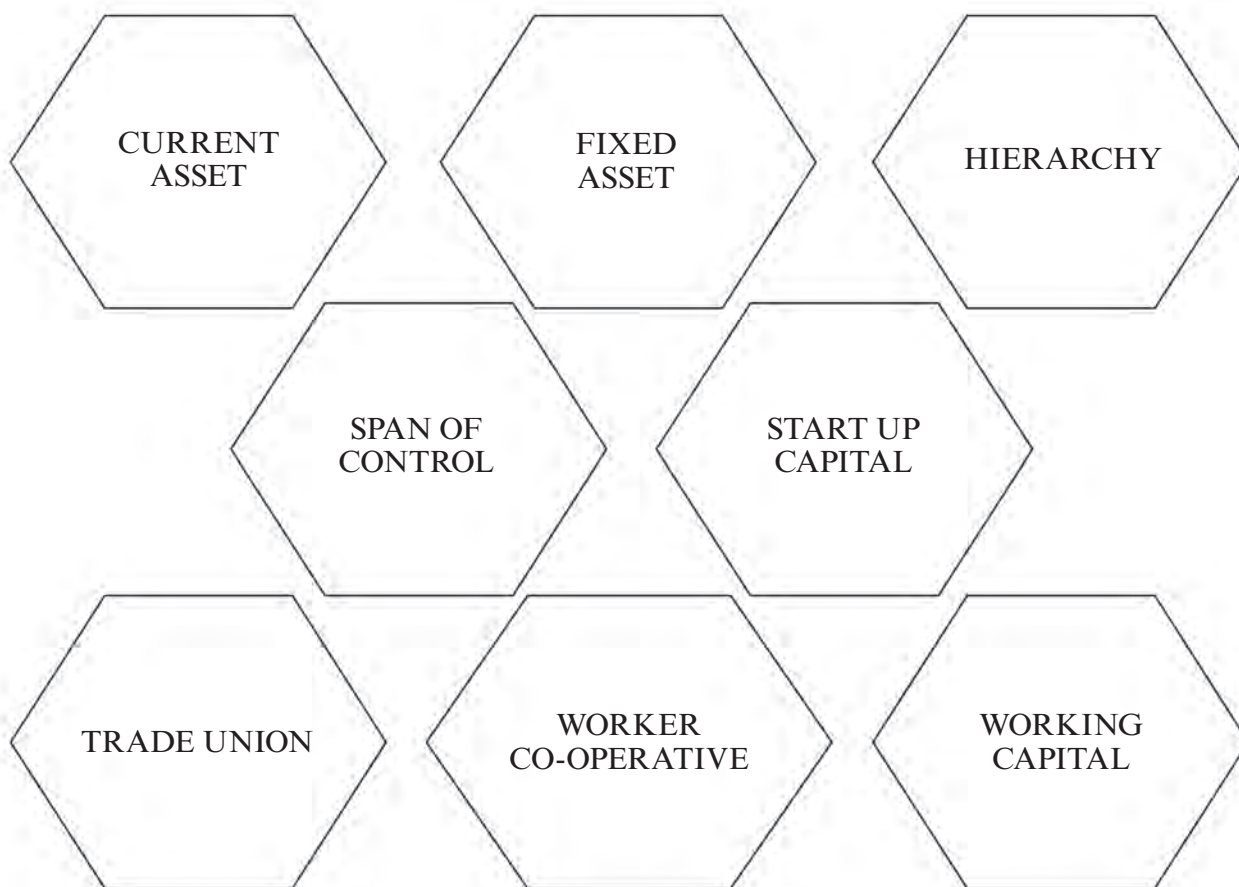
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5. Below are a number of terms and phrases used in business.



Which of the above best describes **each** of the following:

[4]

(a) the money needed to set-up a business;

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(b) the number of people someone in a business is directly responsible for;

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(c) an organisation which represents the interests of its members in their dealings with employers;


.....

(d) assets which can be converted into cash fairly quickly?

.....



- 6. Below is a draft advertisement drawn up by the Human Resources Department of Anvil Engineering plc. Some changes are being considered before the advertisement is published. Read the advertisement and answer the questions below.



PRODUCTION WORKERS REQUIRED BY ANVIL ENGINEERING PLC

Anvil Engineering plc is a large multinational company producing engineered products for a variety of markets. Expansion of our wind turbine division means that additional workers are required.

No formal qualifications are needed, but experience in similar work is desirable.

Applicants must be between 25 and 40 years of age.

Write or telephone for an application form and for a job description to:

Mr Jones
Human Resources Manager
Anvil Engineering plc
Wrexham

- (a) Businesses produce **goods** or **services**. Does Anvil Engineering plc produce goods **or** services? [1]

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- (b) Suggest and explain **one** way in which a fall in interest rates might have led this business to recruit extra production workers. [2]

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(c) Explain **one** way in which the advertisement can be improved (i) to make it legal and (ii) **one** way to make it easier for applicants to apply. [4]

(i) To make it legal.

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.....
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(ii) To make it easier for applicants to apply.

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(d) Suggest **three** pieces of information you would expect to see in a job description for people applying for this job. [3]

(i)

.....

(ii)

.....

(iii)

.....



- 7. In recent years a number of people have taken up the hobby of designing and producing their own greetings cards. They buy packs of materials which are used to make birthday, Christmas and other greetings cards.

Some have developed their hobby into businesses, selling at craft fairs and through the Internet. One such person is Fran Blake who operates her business as a sole trader.

(a) Outline **two** benefits Fran gains as a result of operating as a sole trader. [4]

(i)

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(ii)

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The packs of materials to make the cards can be bought from shops and on the Internet.

(b) Suggest and explain **one** advantage and **one** disadvantage to Fran of buying materials on the Internet. [4]

Advantage

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Disadvantage

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Fran is aware of the need to promote her business to the right market segment.

(c) Explain what is meant by the term market segment. [2]

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(d) Suggest, with a reason, a market segment Fran might target. [2]

Suggestion

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Reason

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Fran started the business in May 2007 and five years later she is employing ten people and her net profit has increased from £10,000 to £100,000.

Under Fran's leadership the business has been successful. She believes this is because she makes all the decisions without consulting her employees and she is in complete control. She has found it difficult to pass responsibility to her workers and often argues with anyone who has ideas and suggestions about how the business should be run. Some of the employees feel undervalued and believe the business could do even better.

(e) Assess Fran's leadership style. [8]

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8. Ruby and Dean have always wanted to start their own business. They have decided to set up their business, called Retro, on the outskirts of Swansea. Their shop will meet the increased demand for goods which were fashionable between 1950 and 1980. Some of the goods they will sell will be from the actual time and others will be reproductions.

(a) In which sector, **public** or **private**, will Retro operate? [1]

.....

Ruby and Dean have drawn up a cash flow forecast to try to judge whether their business will succeed. Below is their cash flow forecast.

CASH FLOW FORECAST FOR RETRO, OCTOBER 2012 TO MARCH 2013

	OCT	NOV	DEC	JAN	FEB	MAR
	£	£	£	£	£	£
Inflow	6000	7000	8000	2500	4000	6000
Cost of sales	4000	2500	3000	1000	1500	1500
Rent and Business Rates	1000	1000	1000	1000	1000	1000
Gas & electricity	500			500		
Wages	1000	1500	1500	1000	1000	1000
Other costs		500	500		500	500
Outflow	6500	5500	6000	3500	4000	4000
Net cash flow	-500	1500	?	-1000	0	2000
Opening bank balance	0	-500	1000	3000	2000	2000
Closing bank balance	-500	1000	3000	2000	2000	?

(b) Give another term which may be used instead of **Inflow**. [1]

.....

(c) From the figures, calculate the:

(i) Net cash flow for December; [1]

.....

(ii) Closing bank balance for March. [1]

.....



Ruby and Dean appreciate the importance of ICT to their business.

(d) Suggest and explain **two** ways in which they can use ICT in the operation of their business. [4]

(i)
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(ii)
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Ruby and Dean are aware that their business will be regulated by laws which will affect the operation of their business.

(e) Suggest and explain (i) **one** legal responsibility Ruby and Dean have to their customers and (ii) **one** legal responsibility they have to their employees. [4]

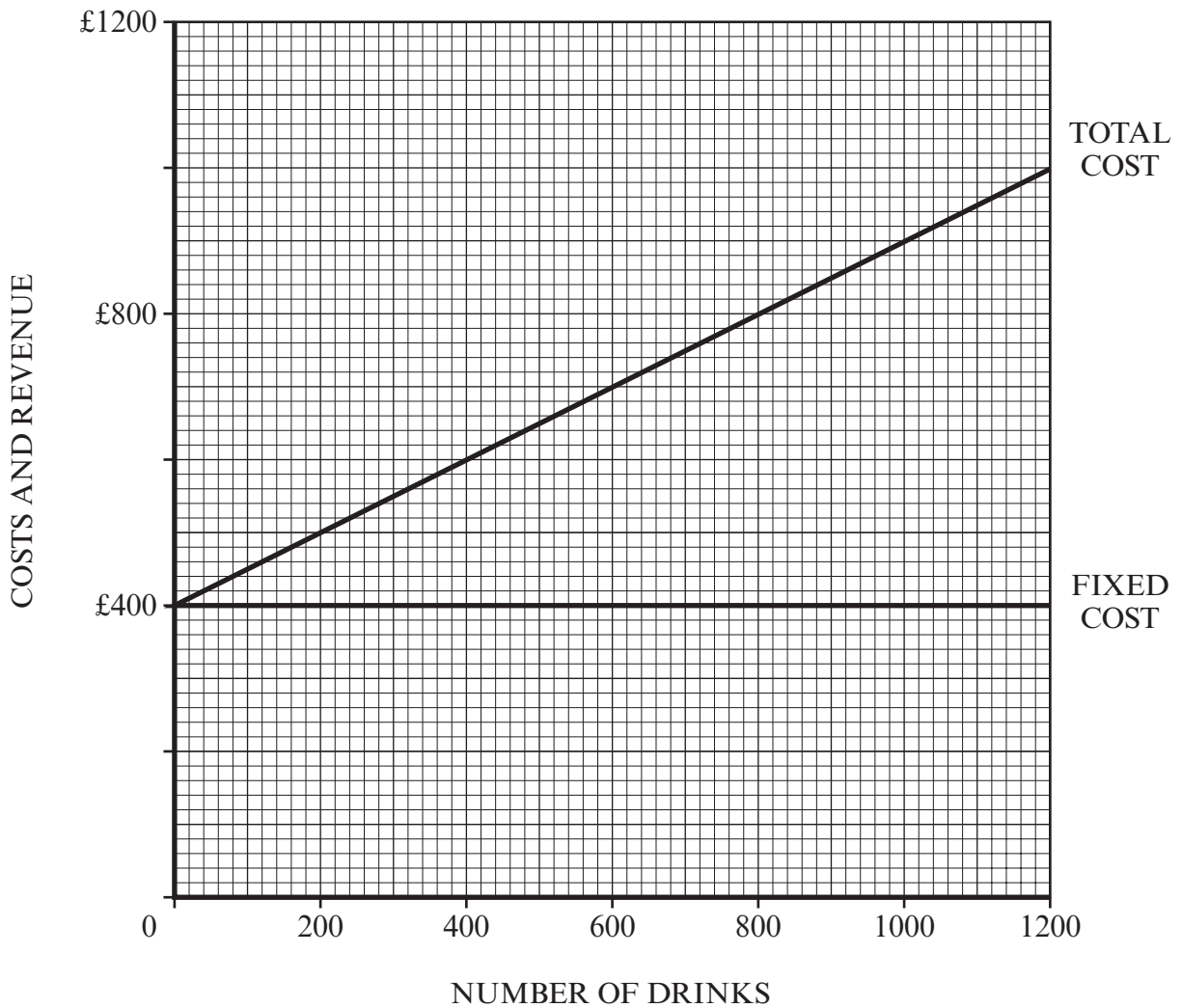
(i) customers
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(ii) employees
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9. Ali has set up a juice bar in a busy town centre location. He uses fresh fruit which is processed to create a healthy drink.

Ali wants to find how many drinks he will need to sell in order to make a profit. To do this he has drawn up a break even chart showing weekly costs and revenue. The break even chart is shown below.



- (a) The drinks sell for £1 per glass. Draw and label the total revenue line for Ali's business. [2]
- (b) (i) How many glasses of juice will Ali have to sell each week to break even? [1]
-
- (ii) How much profit (or loss) will be made each week if 1200 juices are sold? [1]
-



Ali is considering selling ‘smoothies’ in the juice bar. This involves adding yoghurt to the juice to produce a refreshing drink. This will add to the variable cost of the business.

(c) (i) What is meant by the term variable cost? [1]

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.....

(ii) Apart from yoghurt, give **one** other example of a variable cost Ali’s business will pay. [1]

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Ali competes with a number of other – mainly larger – businesses in the town. He is thinking about expanding his business and realises that he should prepare a business plan.

(d) (i) Why should Ali prepare a business plan if he is going to expand the business? [2]

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(ii) Apart from name and contact details, suggest **two** items Ali will need to include in his business plan. [2]

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Ali has seen an advertisement, published by Fruitjuice Ltd, showing the benefits of becoming a franchisee. Fruitjuice Ltd runs a very successful chain of bars producing drinks similar to those made at Ali’s bar.

Fruitjuice Ltd has grown rapidly as a result of franchising. Businesses wanting to take out a franchise with Fruitjuice Ltd will need to pay a sum of £4000 to Fruitjuice Ltd and annual payments of £2000. In return Fruitjuice Ltd will provide a number of benefits including training.

(e) Advise Ali on whether he should join this franchise or continue as he is. [10]

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