

Surname	Centre Number	Candidate Number
Other Names		0



GCSE

4080/01



S17-4080-01

BUSINESS STUDIES

FRIDAY, 9 JUNE 2017 – AFTERNOON

2 hours

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 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 7(e) and 9(e).

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	3	
2.	2	
3.	3	
4.	4	
5.	4	
6.	4	
7.	20	
8.	20	
9.	20	
10.	20	
Total	100	

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





1. (a) Which of the following best describes the term **unlimited liability**? [1]

Tick (✓) **one** box only.

The number of workers in a business must not be more than twenty	1
The owners of a business do not have to pay compensation to workers injured at work	2
The owners of a business may have to sell personal possessions if the business goes bankrupt	3

- (b) Which **two** of the following businesses will have **unlimited liability**? [2]

Tick (✓) **two** boxes only.

Arlene's Bouquet 	1	Timberskills Ltd 	2
Best Look plc 	3	Snips Salon 	4

2. In **each** case below tick whether the goods are most likely to have been produced using job, batch or flow production methods. [2]

- (i) A one-off wedding dress made to a unique design.

Tick (✓) **one** box only.

JOB ☐ 1 BATCH ☐ 2 FLOW ☐ 3

- (ii) Identical pencils made on a production line in large quantities.







Tick (✓) **one** box only.

JOB ☐ 1 BATCH ☐ 2 FLOW ☐ 3



3. Which **three** of the following are examples of **fixed costs** paid by a small local café that provides a delivery service? [3]

Tick (✓) **three** boxes only.

Rent for the shop		1	Monthly lease on equipment and machinery		2
Cost of ingredients and stock		3	Cost of fuel for deliveries		4
Payment of business rates on premises		5	Value Added Tax (VAT) paid to the Government		6

4. Timberskills Ltd is a DIY store that sells a range of goods such as home furnishings, decorating products, gardening equipment and garden furniture such as; barbeques, deck chairs and sun loungers. Below is an extract from the company's profit and loss account.

PROFIT AND LOSS ACCOUNT FOR TIMBERSKILLS LTD 2016

Sales	£500 000
Cost of Sales	£300 000
Gross Profit	
Expenses	£150 000
Net Profit	

- (a) Calculate the gross profit and net profit for 2016.

[2]

- (i) **Gross profit 2016**

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.....

- (ii) **Net profit 2016**

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(b) How might a wet summer affect the sales of Timberskills Ltd?

[2]

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

DIVISION
OF LABOUR

SHAREHOLDER

GROSS PAY

EXCHANGE
RATES

INTEREST
RATES

ECONOMIES
OF SCALE

STAKEHOLDER

NET PAY

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

[4]

(i) value of one country's currency against another country's currency;

.....

(ii) the money workers receive before statutory and voluntary deductions are taken from pay;

.....

(iii) an increase in production (output) results in a reduction in unit costs;

.....

(iv) anyone that can be affected by the operation of a business?

.....



6. Most businesses follow a similar recruitment process when it comes to employing workers. An important stage within the process is advertising the vacancy. As part of the job advert, businesses will often attach a job description.

(a) Explain the purpose of a job description in the recruitment process. [2]

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Another important stage comes after application forms have been received by the business, which is called shortlisting.

(b) Explain the purpose of shortlisting in the recruitment process. [2]

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7. Christopher Williams had worked in the retail industry for 20 years. In 2016 he was made redundant. He believed that he had the characteristics to be a successful entrepreneur. He came up with the idea to set up his own sports shop called 'CW Sports', and used his redundancy money to set it up.

(a) Identify **two** functions of an entrepreneur.

[2]

1.

.....

2.

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(b) Explain **two** reasons why an individual such as Christopher Williams may wish to set up his or her own business.

[4]

1.

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2.

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Christopher Williams had a problem choosing a suitable location for CW Sports.

(c) Apart from competition, suggest **two** other factors that Christopher Williams needed to consider when choosing the location of the shop.

[2]

1.

2.



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(e) Evaluate the various pricing strategies that might be used by CW Sports. [10 QWC]



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8. Second Cup, a specialist coffee retailer, was set up by Tom Culligan, in Toronto, Canada in 1975. He expanded the business through franchising, selling the rights to the business name and product. Second Cup is now one of the most established coffee retailers in the world.



Second Cup cafés offer a wide selection of coffees, espresso-based beverages, iced beverages, blender drinks, speciality teas, frozen yogurt and a range of food items.

Adapted from mysecondcup.com

- (a) State **two** functions of a retailer.

[2]

1.

.....

2.

.....

- (b) What is the name given to the person or business selling the rights to the business name and products?

[1]

.....

A franchise with Second Cup will cost a minimum of £50 000.

- (c) Suggest **one** possible source of external finance that would be suitable to raise the money to pay the £50 000. Give **one** advantage and **one** disadvantage of your suggestion. [3]

Source of external finance

Advantage

.....

.....

Disadvantage

.....

.....



The person or business buying the franchise from Second Cup may need to prepare a business plan to help them obtain the money needed to pay the £50 000.

- (d) Apart from personal details (name, address and telephone number), suggest **two** pieces of information that should be included in a business plan and explain why the information is needed. [4]

Information 1

Reason

.....

.....

.....

Information 2

Reason

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Tom Culligan must communicate effectively with businesses all over the world. He would rather use electronic methods such as email, instead of using traditional methods such as sending letters.

- (e) Explain **one** reason why Tom Culligan uses electronic communication such as email. [2]

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(f) Explain the advantages and disadvantages of becoming a franchisee.

[8]



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9. Delyn Packaging Ltd is a manufacturer of high quality, made-to-order packaging. The business mainly produces plastic food packaging for meat, BBQ, salads and pasta, snacks, party foods, bakery and convenience/ready meals.



- (a) Suggest and explain **two** reasons why packaging is important.

[4]

1.

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.....

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2.

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- (b) Outline the benefits to Delyn Packaging Ltd of selling high quality plastic food packaging to its customers.

[2]

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Delyn Packaging Ltd are going to introduce computer aided design (CAD) to produce designs for their new plastic food packaging.

- (c) Suggest and explain **one** benefit to businesses such as Delyn Packaging Ltd of using computer aided design (CAD).

[2]

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10. Gavin and Anita Johnson always enjoyed woodcraft, particularly making wooden furniture. They have decided to use the skills gained from their hobby to set up a small business producing wooden mirrors, picture frames, small tables and stools.

GAVIN AND ANITA'S CASH FLOW FORECAST JUNE TO DECEMBER 2017

	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Receipts	£	£	£	£	£	£	£
Turnover	3 000	3 200	3 500	3 100	2 800	2 600	2 300
Payments							
Materials	500	540	550	?	535	550	450
Salary/Wages	1 200	1 200	1 200	1 200	1 200	1 200	1 200
Rent	400	400	400	400	400	400	400
Gas			180			180	
Electricity		160			160		
Insurance	100	100	100	100	100	100	100
Other Costs	500	200	50	150	250	300	275
Total Payments	2 700	2 600	2 480	2 395	2 645	2 730	2 425
Net Cash flow	300	600	1 020	705	155	−130	−125
Opening Bank Balance	1 000	1 300	1 900	2 920	3 625	3 780	3 650
Closing Bank Balance	1 300	1 900	2 920	3 625	3 780	3 650	?

- (a) (i) What is meant by the term turnover? [1]

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- (ii) How could Gavin and Anita improve their turnover? [2]

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- (b) Identify **one** other cost Gavin and Anita's business may have. [1]

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- (c) Suggest **two** ways in which a cash flow forecast might be useful to a business such as Gavin and Anita's. [2]

1.

.....

2.

.....

- (d) Calculate the estimated: [2]

Materials payment for September

.....

Closing bank balance for December

.....

Gavin and Anita intend to use ICT to purchase materials and to create a customer database.

- (e) Explain why the use of ICT may benefit Gavin and Anita's business in: [4]

- (i) Purchasing materials using e-commerce (online)

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- (ii) Creating customer records using a database

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(f) Discuss the reasons why some businesses choose to grow and other businesses choose to remain small. [8]



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