

Centre Number



**Candidate Number** 

General Certificate of Secondary Education 2015

## **Applied Business**



### [G9372] TUESDAY 2 JUNE, AFTERNOON



1 hour.

#### INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number in the spaces provided at the top of this page. There should be enough space for your answers. If you do require more space, you may complete your answers on the extra lined pages at the back of this booklet.

Write your answers in the spaces provided in this question paper. Answer **all six** questions.

#### INFORMATION FOR CANDIDATES

The total mark for this paper is 100. Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question. Quality of written communication is assessed in questions **3(c)**, **4(d)** and **5(h)**.

For Examiner's use only		
Question Number	Marks	
1		
2		
3		
4		
5		
6		
Total Marks		

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#### **Case Study**

Read the case study below and answer the questions that follow.

#### **Clean Cars Ltd**

John McFarland and Patrick Johnston have successfully run their individual sole trader car washing/valeting businesses for approximately 10 years in the city of Armagh. Both gentlemen gained the necessary experience having served specific apprenticeships for washing/valeting cars and then employment for the same small business owners prior to becoming entrepreneurs themselves.

As the recession continued, both businesses were failing with a declining customer base, no new customers and reduced turnover all leading to staff redundancies. To overcome this difficulty John and Patrick decided to combine their current business ventures to form a new organisation, Clean Cars Ltd.

John specialises in car washing and Patrick in car valeting. The integration of both businesses proved to be a positive decision. Clean Cars Ltd has moved into its second successful year of trading. In its first year of business Clean Cars Ltd reported an end of year profit, as well as having retained all existing customers from both previous businesses, attracting a number of new customers, providing a small number of jobs in addition to adding a range of new and competitively priced services to the surrounding area.

Source: own source

Examiner Only Marks Remark

1 (a) John McFarland and Patrick Johnston are using which type of business ownership to operate their new business, Clean Cars Ltd?

	State <b>two</b> advantages and <b>two</b> disadvantages of this type of busine ownership.	ess
	Advantage 1	
		[1]
	Advantage 2	
		[1]
	Disadvantage 1	
		[1]
	Disadvantage 2	
		[1]
)	To become a part owner of this type of business organisation both John and Patrick must purchase a number of	
		[1]
)	Name the <b>two</b> documents that must be drawn up before Clean Car Ltd can start trading.	S
	1	[1]
	2	[1]

(e)	When a profit has been declared by Clean Cars Ltd each sharehold	ler	Examin	
	will receive a share of the profit.		Marks	Remark
	This share of profits is known as a	[1]		
(f)	Identify <b>three</b> aims that Clean Cars Ltd may have for its second year of trading.	ar		
	1	[1]		
	2	[1]		
	3	[1]		

ехр			
(a)	State the law which governs the welfare of the employees while at work.		
		[1]	
(b)	Identify <b>three</b> responsibilities for employers while in the workplace.		
	1		
		[1]	
	2		
		[1]	
	3		
		[1]	
(c)	Identify three responsibilities for employees while in the workplace.		
(c)	Identify <b>three</b> responsibilities for employees while in the workplace.		
(c)			
(c)	1	 _ [1] 	
(c)	1.		
(c)	1	 _ [1]  _ [1]	
(c)	1.	 _ [1] 	
(c)	1.	 _ [1]  _ [1]	
(c)	1.	 _ [1]  _ [1]	
(c)	1.	 _ [1]  _ [1]	
(c)	1.	 _ [1]  _ [1]	
(c)	1.	 _ [1]  _ [1]	

3	(a)	Identify the type of production that is used within Clean Cars Ltd.		Examine Marks	r Only Remark
			[1]		
	(b)	Explain this type of production with reference to Clean Cars Ltd.			
			_		
			[2]		
	(c)	Analyse the changing trends across the various types of production John and Patrick within the Northern Ireland economy.	to		
			_		
			_		
			_		
			_		
			_		
			_		
			 [8]		
			[0]		
		_		[T.ugo	

4 Clean Cars Ltd has completed a successful year in business.

(a) List three signs of success, using evidence from the case study.

	1	[1]	
	2		
	3		
(b)	Identify and explain the type of integration that John and Patrick us to create their new business venture, Clean Cars Ltd.	ed	
	Type of integration	[1]	
		[2]	
(c)	Discuss <b>two</b> benefits of this type of integration for Clean Cars Ltd.		
		[4]	

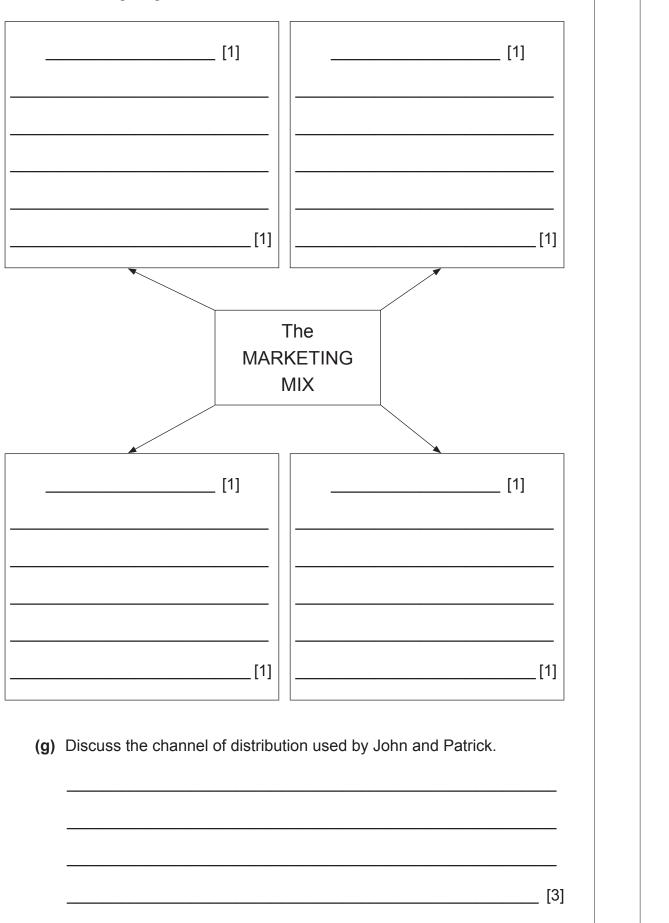
	1	
[0]		
[8]		
		1

Examiner Only

	rease competition.		
(a)	Explain the term competition.		
		[3]	
(b)	Discuss strategies that Clean Cars Ltd could use to manage competition.		
		[6]	
(c)	Identify and explain the method of market research which provided Clean Cars Ltd with the results to offer its new range of services.		
	Method of market research:	[1]	
		[2]	

(d)	State <b>one</b> advantage and <b>one</b> disadvantage of this method of mar research to Clean Cars Ltd.	ket	Examin Marks	er Only Remark
	Advantage			
		[1]		
	Disadvantage			
		[1]		
(e)	Discuss <b>three</b> reasons why Clean Cars Ltd carried out market research.			
		_ [6]		

(f) Identify and explain the parts of the marketing mix by completing the following diagram.



(h)	Analyse the impact that competition has on the marketing mix for Clean Cars Ltd.		Examin Marks	er Only Remark
		 101		
		[8]		

**6** John and Patrick produced the following set of final accounts at the end of their first year of trading.

#### Income Statement for Clean Cars Ltd for the year ending 31st December 2014

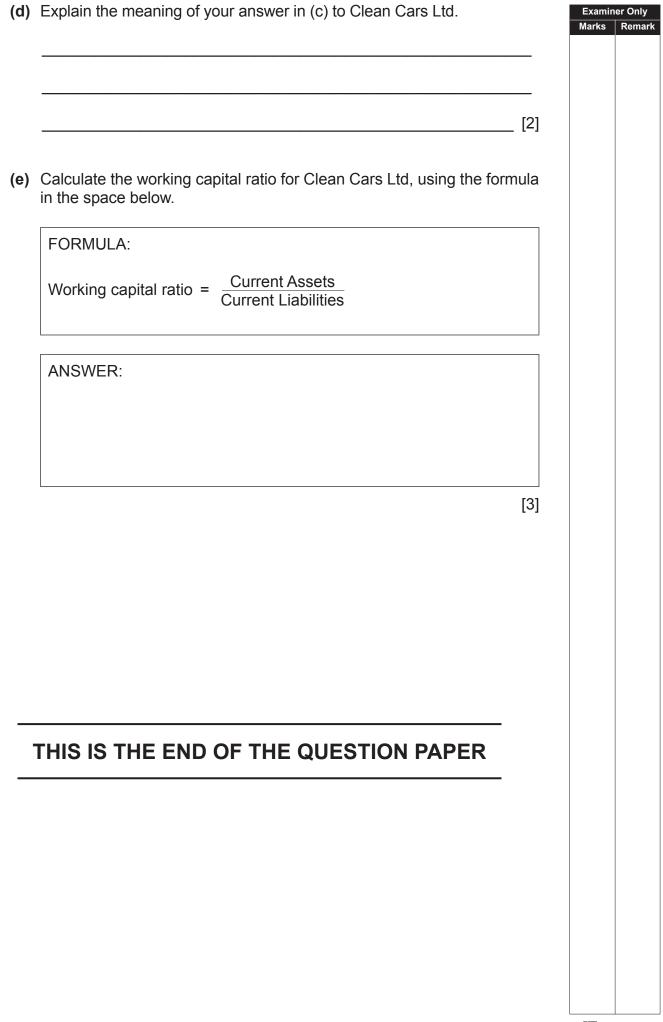
Sales Revenue	£	£ 100,000
Opening Inventory Purchases	5,000 38,560	
	43,560	
Closing Inventory Less COST OF GOODS SOLD	3,560	40,000
GROSS PROFIT		60,000
Less Expenses		
Wages and Salaries	24,000	
Rates Heating and Lighting	2,500 1,500	
Insurance	3,250	
Miscellaneous Expenses	750	<u>32,000</u>
NET PROFIT		<u>28,000</u>

# Statement of Financial Position for Clean Cars Ltd as at 31st December 2014

	£
NON-CURRENT ASSETS	
Premises	55,000
Vehicle	5,300
Machinery/Equipment	5,000
Tools	1,300
Total Non-Current Assets	66,600
CURRENT ASSETS	
Closing Inventory	3,560
Trade Receivables	20,600
Bank	28,840
Cash	6,800
Total Current Assets	59,800
Total Assets	126,400
EQUITY	
Opening Capital	46,000
Add Net Profit	28,000
Less Drawing	8,000
Closing Capital	66,000
NON-CURRENT LIABILITIES	
Mortgage	25,900
Bank Loan	4,000
Total Non-Current Liabilities	29,900
CURRENT LIABILITIES	
Trade Payables	6,000
Bank Overdraft	<u>24,500</u>
Total Current Liabilities	<u>30,500</u>
Total Equity and Liabilities	<u>126,400</u>
	l

(a) Calculate the return on capital employed for Clean Cars Ltd, using the Marks Remark formula in the space below. FORMULA: Return on capital employed (ROCE) = Net Profit ANSWER: [3] (b) Explain the meaning of your answer in (a) to Clean Cars Ltd. [2] (c) Calculate the net profit percentage for Clean Cars Ltd, using the formula in the space below. FORMULA: Net profit percentage =  $\frac{\text{Net Profit}}{\text{Sales Revenue}} \times 100$ ANSWER: [3]

Examiner Only



Continuation page (Use this page if you need more space to complete your answers.)

Question Number	Number your answers clearly

Continuation page (Use this page if you need more space to complete your answers.)

Question Number	Number your answers clearly

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