



Centre Number

71	
----	--

Candidate Number

--

General Certificate of Secondary Education  
2014

---

## Business Studies

Unit 2

Business Development

[GBS21]

MV18

MONDAY 2 JUNE, MORNING

---

### TIME

1 hour 40 minutes, plus your additional time allowance.

### INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number in the spaces provided at the top of this page.

Write your answers in the spaces provided in this question paper.

Complete in blue or black ink only.

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 paper.

Answer **all three** questions.

## **INFORMATION FOR CANDIDATES**

The total mark for this paper is 90.

Quality of written communication will be assessed in Questions **1(e)** and **2(f)**.

Figures in brackets printed at the end of each question indicate the marks awarded to each question or part question.

**BLANK PAGE**

**(Questions start overleaf)**

Answer all **three** questions

1 Shades is a large, unisex hairdressing salon in Strabane.

(a) Shades needs to recruit an extra hairdresser. Each applicant for the post is required to complete an Application Form. Explain **one** advantage and **one** disadvantage for Shades of using application forms.

Advantage [2 marks] \_\_\_\_\_

---

---

---

---

---

---

---

Disadvantage [2 marks] \_\_\_\_\_

---

---

---

---

---

---

---

**(b)** Some of the applicants will also be invited for interview. Explain **two** benefits for Shades of conducting interviews.

1. [2 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. [2 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(c) Both Shades and the applicants have certain responsibilities in the selection process. Discuss the following responsibilities. [8 marks]

Honesty \_\_\_\_\_

---

---

---

Objectivity \_\_\_\_\_

---

---

---

Fairness \_\_\_\_\_

---

---

---

Confidentiality \_\_\_\_\_

---

---

---



(e) Appraisal is undertaken each year in Shades. Explain **three** benefits which appraisal would have for Shades as an employer.

1. [2 marks] \_\_\_\_\_

---

---

---

---

---

2. [2 marks] \_\_\_\_\_

---

---

---

---

---

3. [2 marks] \_\_\_\_\_

---

---

---

---

---



(f) Identify and explain **two** reasons why motivation among the employees in Shades is important.

1. [3 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. [3 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2 Ashton Ltd (Belfast) is a successful company which manufactures chocolate and confectionery.

(a) Ashton Ltd is described as successful. Explain **two** signs of success you would expect to find in this company.

1. [2 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. [2 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**(b)** Discuss **three** factors which could limit the growth of Ashton Ltd.

1. [2 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. [2 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. [2 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



(e) It is planned that the new company would sell its products to other countries as well as on the home market. Explain how international trade would affect the following aspects of its marketing mix. [8 marks]

Product \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Price \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Promotion \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Place \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(f) Discuss **three** ways in which e-commerce might support Ashton Ltd's international business.

1. [2 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. [2 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. [2 marks] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**BLANK PAGE**

**(Questions continue overleaf)**

3 The Bookworm is a retail shop selling books and magazines in Carrickfergus. The shop is owned and managed by Carolyn.

(a) Carolyn sometimes has difficulty in maintaining a good cash flow. Explain the meaning of “cash flow”. [2 marks]

---

---

---

---

---

(b) Explain **two** reasons why cash flow is important in business. [4 marks]

---

---

---

---

---

---

---

---

---

---



(c) Describe **one** way in which Carolyn might improve the cash flow in The Bookworm. [2 marks]

---

---

---

---

(d) The table below lists four costs which are incurred in The Bookworm. In the column beside each cost, state whether it is a fixed cost or a variable cost. [4 marks]

<b>COST</b>	<b>TYPE</b>
Postage	
Rent	
Purchases	
Rates	

(e) Explain **one** reason why it is important for Carolyn to know the Breakeven Point in The Bookworm. [2 marks]

---

---

---

---

- (f) The following information is taken from the accounts of The Bookworm:  
Total fixed costs are £4,000 per month  
Variable costs are £2 per book  
Each book sells on average at £10

Complete the spaces in the following formula to calculate the breakeven point in The Bookworm.  
[2 marks]

$$\text{Breakeven} = \frac{\text{Total Fixed Costs}}{\text{Selling Price per book} - \text{Variable Cost per book}}$$

Breakeven = \_\_\_\_\_

Breakeven = \_\_\_\_\_

- (g) Explain the meaning of “Margin of Safety”. [2 marks]

---

---

---

---

---

---









---

**THIS IS THE END OF THE QUESTION PAPER**

---

For Examiner's use only	
Question Number	Marks
1	
2	
3	

<b>Total Marks</b>	
--------------------	--

Examiner Number

Permission to reproduce all copyright material has been applied for.  
In some cases, efforts to contact copyright holders may have been unsuccessful and CCEA will be happy to rectify any omissions of acknowledgement in future if notified.