



Centre Number

--	--	--	--	--

Candidate Number

--	--	--	--

General Certificate of Secondary Education
2022

Business Studies

Unit 2

Developing a Business

MV18

[GBU21]

THURSDAY 9 JUNE, MORNING

Time

1 hour 30 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.

You must answer the questions in the spaces provided.

Do not write on blank pages.

Complete in black ink only.

Answer **all three** questions.

Information for Candidates

The total mark for this paper is 90.

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

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

Answer **all** questions

1

“Fitness for All” is a fitness centre which is owned and managed by Grace.
The centre has a large membership of men and women from all age groups.
Grace employs ten full-time and four part-time staff.

(a) Grace is hoping to employ an Assistant Manager and is going to write a Job Description for the post. Explain **one** purpose of a Job Description. [2 marks]

(b) Explain **one** legal control that governs race and **one** legal control that governs religion which Grace must observe when recruiting an Assistant Manager.

[4 marks]

Race _____

Religion _____

(c) Grace prefers to recruit the Assistant Manager internally. Discuss **three** advantages of Internal Recruitment for Fitness for All. [6 marks]

1. _____

2. _____

3. _____

(d) Discuss the following responsibilities which both Grace and the prospective Assistant Manager have in the selection process. [6 marks]

Honesty _____

Fairness _____

Confidentiality _____

(e) Explain the following reasons for staff training in Fitness for All. [6 marks]

Induction _____

Change in procedures _____

To become more competitive _____

(f) Grace knows that motivation of her staff is important. Explain **three** reasons why staff motivation is important in Fitness for All. [6 marks]

1. _____

2. _____

3. _____

2

Fitness for All is so successful that Grace hopes that it will grow further.

(a) Identify **two** signs of success you would expect to find in Fitness for All. [2 marks]

1. _____

2. _____

(b) Discuss **three** factors that could limit the growth of Fitness for All. [6 marks]

1. _____

2. _____

3. _____

(c) Analyse **two** advantages of growth in Fitness for All.
[4 marks]

1. _____

2. _____

(d) Analyse **two** disadvantages of growth in Fitness for All.
[4 marks]

1. _____

2. _____

(e) Explain the role of the Competition and Markets Authority (CMA) in relation to business growth.
[4 marks]

Grace believes that external growth is the best type of growth for Fitness for All and is considering franchising her business and advertising for franchisees.

(f) Explain the meaning of external growth. [2 marks]

(g) Describe **two** advantages and **two** disadvantages of franchising for Grace's business. [8 marks]

Advantage _____

Advantage _____

Disadvantage _____

Disadvantage _____

3

Grace is going to purchase additional expensive equipment for Fitness for All. She is considering using either hire purchase or leasing.

(a) Explain **one** advantage and **one** disadvantage for Grace of buying the equipment using hire purchase.
[4 marks]

Advantage _____

Disadvantage _____

(b) Explain **one** advantage and **one** disadvantage for Grace of leasing the equipment. [4 marks]

Advantage _____

Disadvantage _____

(c) Identify which of the above two methods is the more appropriate for Grace to use. [2 marks]

Chosen method _____

Reason _____

(d) Explain **one** reason why each of the following financial statements is important to a business such as Fitness for All. [4 marks]

Income Statement _____

Statement of Financial Position _____

The following Income Statement has been prepared for Fitness for All.

Income statement for Fitness for All for the year ended 31 December 2021

	£
Sales Revenue	165 000
Less Cost of Sales	
Opening Inventory	54 000
Add Purchases	
	144 000
Less Closing Inventory	
Cost of Sales	121 500
Gross Profit	
Less Expenses	18 750
Net Profit	

(e) Complete the Income Statement to show the figures for the following: [1 mark each]

Purchases _____

Closing Inventory _____

Gross Profit _____

Net Profit _____

(f) Distinguish between fixed and variable costs. Identify **two** examples of each which may occur in Fitness for All. [6 marks]

(g) Using the information in the Income Statement, calculate the Net Profit Percentage for Fitness for All. Use the following formula and show your calculation in the space provided. [2 marks]

$$\begin{aligned} \text{Net Profit Percentage} &= \frac{\text{Net Profit}}{\text{Sales}} \times 100 \\ &= \\ &= \end{aligned}$$

(h) Analyse your calculation of the Net Profit Percentage and comment on the performance of Fitness for All for the year. [4 marks]

This is the end of the question paper

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

Total Marks	
--------------------	--

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.