



General Certificate of Secondary Education  
2024

Centre Number

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Candidate Number

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# Business Studies

Unit 2

Developing a Business

<b>MV18</b>
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[GBU21]

**WEDNESDAY 5 JUNE, AFTERNOON**

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## 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 **2(f)** and **2(g)**.

**1 (a) Complete all the blanks: [7 marks]**

Recruitment is the process of hiring workers for a specific job. A series of documents are drawn up to help with the process.

A **(i)** \_\_\_\_\_ defines the main duties and responsibilities of the job, whereas a **(ii)** \_\_\_\_\_ identifies the ideal candidate for the job in terms of qualities, skills and experience.

Recruitment may be done by advertising the post within the business and this is known as internal recruitment, and methods include **(iii)** \_\_\_\_\_ and **(iv)** \_\_\_\_\_ .

Advertising the post outside the business is known as **(v)** \_\_\_\_\_ recruitment and methods include **(vi)** \_\_\_\_\_ and **(vii)** \_\_\_\_\_ .

IvyLeague plc is a large, national chain of garden centres that are located throughout the UK and Ireland. It wants to recruit some new Heads of Section and is considering using internal recruitment to fill the posts.

**(b) Discuss one advantage and one disadvantage of IvyLeague plc using internal recruitment.**  
[2 marks for each]

Advantage \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Disadvantage \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(c) (i) List **two** legal controls in recruitment that IvyLeague plc will need to consider. [1 mark for each]

1. \_\_\_\_\_

2. \_\_\_\_\_

(ii) Explain **two** roles of the Equality Commission in relation to recruitment. [4 marks]

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Once a successful applicant is selected, they will be given a Contract of Employment.

**(d) (i)** Within how many weeks of starting work should a Contract of Employment be issued? [1 mark]

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**(ii)** List **one** detail that should appear on the Contract of Employment. [1 mark]

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**(iii)** Explain the purpose of a Contract of Employment. [2 marks]

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**(e)** Explain **one** reason why IvyLeague plc would need to carry out staff training. [3 marks]

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2 IvyLeague plc has experienced rapid growth over the last few years, through reinvestment of profit, increased sales and expansion of product range.

(a) Apart from increased profits, list **one** other sign of success for IvyLeague plc. [1 mark]

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(b) Identify and describe this type of growth. [3 marks]

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(c) Identify and describe **one** other type of growth IvyLeague plc could have used to grow the business. [3 marks]

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**(d)** Discuss **two** factors that could have limited the growth of IvyLeague plc. [2 marks for each]

Factor 1 \_\_\_\_\_

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Factor 2 \_\_\_\_\_

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**(e)** IvyLeague plc is considering merging with another chain of garden centres.

Evaluate a merger as a method of growth. [5 marks]

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**(Questions continue overleaf)**

**3 (a)** Last year, IvyLeague plc sold off fixed assets.

Explain **one** advantage and **one** disadvantage to IvyLeague plc of using this as a source of finance.  
[2 marks for each]

Advantage \_\_\_\_\_

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Disadvantage \_\_\_\_\_

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**(b)** Analyse the importance of cash flow to IvyLeague plc.  
[4 marks]

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(c) Explain **two** purposes of IvyLeague plc drawing up a cash flow forecast. [4 marks]

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(d) Examine the cash flow forecast below and complete the missing figures. [1 mark for each]

**Cash flow forecast for one of IvyLeague plc's garden centres (6-month period)**

	January £	February £	March £	April £	May £	June £
Opening balance	21 495	15 310		17 750	-6 400	3 055
<b>Receipts</b>						
Cash sales	22 500	21 430	32 100	37 890	47 800	59 870
Credit sales	5 600	4 500	16 500	21 860	25 450	36 210
<b>Total Receipts</b>		41 240	56 545	77 500	66 850	99 135
<b>Payments</b>						
Wages/salaries	21 300	21 300	21 300	21 300		29 800
Purchases	8 890	7 900	13 400	15 005	18 700	19 230
Rent and rates	2 150	2 150	2 150	2 150	2 150	2 150
Electricity	570	570	570	570	570	570
Phone	380	380	380	380	380	380
Equipment				43 500	15 000	
Insurance	995	995	995	995	995	995
<b>Total payments</b>	34 285	33 295	38 795	83 900	63 795	53 125
Closing balance	15 310	7 945	17 750	-6 400	3 055	

Total receipts for January \_\_\_\_\_

Opening balance for March \_\_\_\_\_

Wages/salaries for May \_\_\_\_\_

Closing balance for June \_\_\_\_\_

**(e)** Comment on what the cash flow forecast tells you about the expected performance of the business. [4 marks]

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(h) It currently sells 567 BBQs per month.

Calculate the margin of safety and explain its significance for the business. [3 marks]

Margin of safety \_\_\_\_\_

Significance

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**This is the end of the question paper**

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For Examiner's use only	
Question Number	Marks
1	
2	
3	
<b>Total Marks</b>	

Examiner Number

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