



General Certificate of Secondary Education
2025

Centre Number

--	--	--	--	--

Candidate Number

--	--	--	--

Business Studies

Unit 2

Developing a Business

MV18

[GBU21]

FRIDAY 16 MAY, AFTERNOON

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. **Do not write with a gel pen.**

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 **3(i)**.

1 TWS is a successful Belfast business involved in event organising and planning. It currently employs 12 staff, but the partners are planning to expand further and recruit three new employees externally.

(a) (i) List **two** methods of external recruitment.
[1 mark for each]

1. _____

2. _____

(ii) Explain **one** advantage of TWS recruiting externally.
[2 marks]

In the selection process TWS intends to use both testing and interviews.

(b) (i) Explain **one** advantage to TWS of using testing. [2 marks]

(ii) Discuss **one** advantage and **one** disadvantage to TWS of using interviews. [2 marks for each]

Advantage _____

Disadvantage _____

(c) Discuss the responsibility of TWS using honesty and confidentiality in the selection process.
[2 marks for each]

Honesty _____

Confidentiality _____

(d) (i) Identify **two** reasons why TWS should train its employees. [1 mark for each]

1. _____
2. _____

- (ii) Describe **one** advantage and **one** disadvantage of staff training to the employees of TWS.
[2 marks for each]

Advantage _____

Disadvantage _____

- (e) Identify **three** methods of non-financial motivation that TWS could use. [1 mark for each]

1. _____

2. _____

3. _____

TWS conducts yearly appraisal of its staff using observation.

(f) (i) Explain **one** reason why TWS conducts staff appraisal. [2 marks]

(ii) Evaluate the use of observation as a method of staff appraisal. [5 marks]

Blank Page
(Questions continue overleaf)

2 (a) TWS has steadily increased its profits. Identify **two** other signs of success that TWS might have experienced.
[1 mark for each]

1. _____
2. _____

(b) Explain the following: [2 marks for each]

Internal growth

Takeover

Technical economies of scale

Financial economies of scale

(c) TWS has previously reinvested its profits. Identify **and** describe **one** other type of internal/organic growth that TWS may have used. [3 marks]

(f) Analyse **one** advantage and **one** disadvantage of growth for TWS. [4 marks for each]

Advantage _____

Disadvantage _____

3 (a) Suggest **two** internal sources of finance that might be available to TWS. [1 mark for each]

1. _____

2. _____

(b) TWS is considering using a mortgage to finance its growth.

Explain **one** advantage and **one** disadvantage of a mortgage. [2 marks for each]

Advantage _____

Disadvantage _____

(c) Explain the importance of an Income Statement to TWS. [2 marks]

Blank Page
(Questions continue overleaf)

The following Income Statement has been prepared for TWS for the year ending 31 December 2024.

	£
Sales	998,500
Less:	
Opening inventory	
Add purchases	396,400
	540,400
Less closing inventory	
Cost of sales	461,900
Gross profit	
Less expenses:	
Wages	296,000
Rent and rates	22,400
Insurance	6,750
Admin	22,300
Advertising	
Heat and light	16,800
Total expenses	374,850
Net profit	161,750

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

Opening inventory _____

Closing inventory _____

Gross profit _____

Advertising _____

(e) Use the information in TWS's Income Statement to calculate the Net Profit Percentage. [2 marks]

Show your workings.

$$\text{Net Profit Percentage} = \frac{\text{Net Profit}}{\text{Sales}} \times 100$$

(f) TWS's Net Profit Percentage for the previous year was 13.5%.

Comment on the performance of TWS in 2024.
[4 marks]

(g) Explain the importance of a Statement of Financial Position for TWS. [2 marks]

(h) The Working Capital Ratio for TWS in 2024 is 1.9:1

Explain what the working capital ratio measures in the business and comment on its performance in TWS.
[4 marks]

Blank Page

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.