



General Certificate of Secondary Education  
2023

Centre Number

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Candidate Number

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# Business Studies

Unit 2

Developing a Business



[GBU21]

\*GBU21\*

**MONDAY 12 JUNE, AFTERNOON**

## TIME

1 hour 30 minutes.

## 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 outside the boxed area on each page or 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 down the right-hand side of pages indicate the marks awarded to each question or part question.

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



1 (a) Explain the following terms:

(i) Job description

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[2]

(ii) CV

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[2]

(iii) Appraisal

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[2]

(iv) Fringe benefits

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[2]



TopCat plc is a large successful pet food manufacturer that has five factories throughout the UK. It is currently building a new factory just outside Belfast, as year on year profits have steadily increased. It is in the process of recruiting a new Marketing Manager and is drawing up a person specification.

(b) (i) Explain the purpose of drawing up a person specification.

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[2]

(ii) Describe the content of a person specification.

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[2]

(c) Discuss **one** advantage and **one** disadvantage of TopCat plc using external recruitment to fill the position of Marketing Manager.

Advantage \_\_\_\_\_

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Disadvantage \_\_\_\_\_

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[4]

[Turn over







2 (a) Identify **two** signs of success for TopCat plc.

1. \_\_\_\_\_ [1]

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

Perfect Pets plc is a competitor of TopCat plc. Perfect Pets plc has recently experienced a fall in sales.

(b) Apart from a fall in sales, identify **two** signs of failure experienced by Perfect Pets plc.

1. \_\_\_\_\_ [1]

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

(c) (i) TopCat plc benefits from economies of scale. Explain the term economies of scale.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ [2]

(ii) Identify the following types of economies of scale.

Definition	Economy of scale
The business can introduce upgraded machinery and new technology in order to cut production costs.	[1]
These are gained when the business can buy goods in bulk, receiving a discount.	[1]



(d) Define the term internal (organic) growth and explain one way that TopCat plc has achieved this type of growth.

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[4]

[Turn over



(e) TopCat plc is considering a takeover of Perfect Pets plc. Define the term takeover and discuss **one** advantage and **one** disadvantage of a takeover for TopCat plc.

Definition \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Disadvantage \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ [6]

(f) Analyse **two** disadvantages of growth for TopCat plc.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ [4]





3 (a) TopCat plc used retained profits as one method of financing its expansion. Discuss **one** advantage and **one** disadvantage of retained profits as a source of finance.

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[4]

(b) Identify **one** external method of finance that TopCat plc could use to finance the expansion.

External method \_\_\_\_\_ [1]

Discuss **one** advantage and **one** disadvantage of this method.

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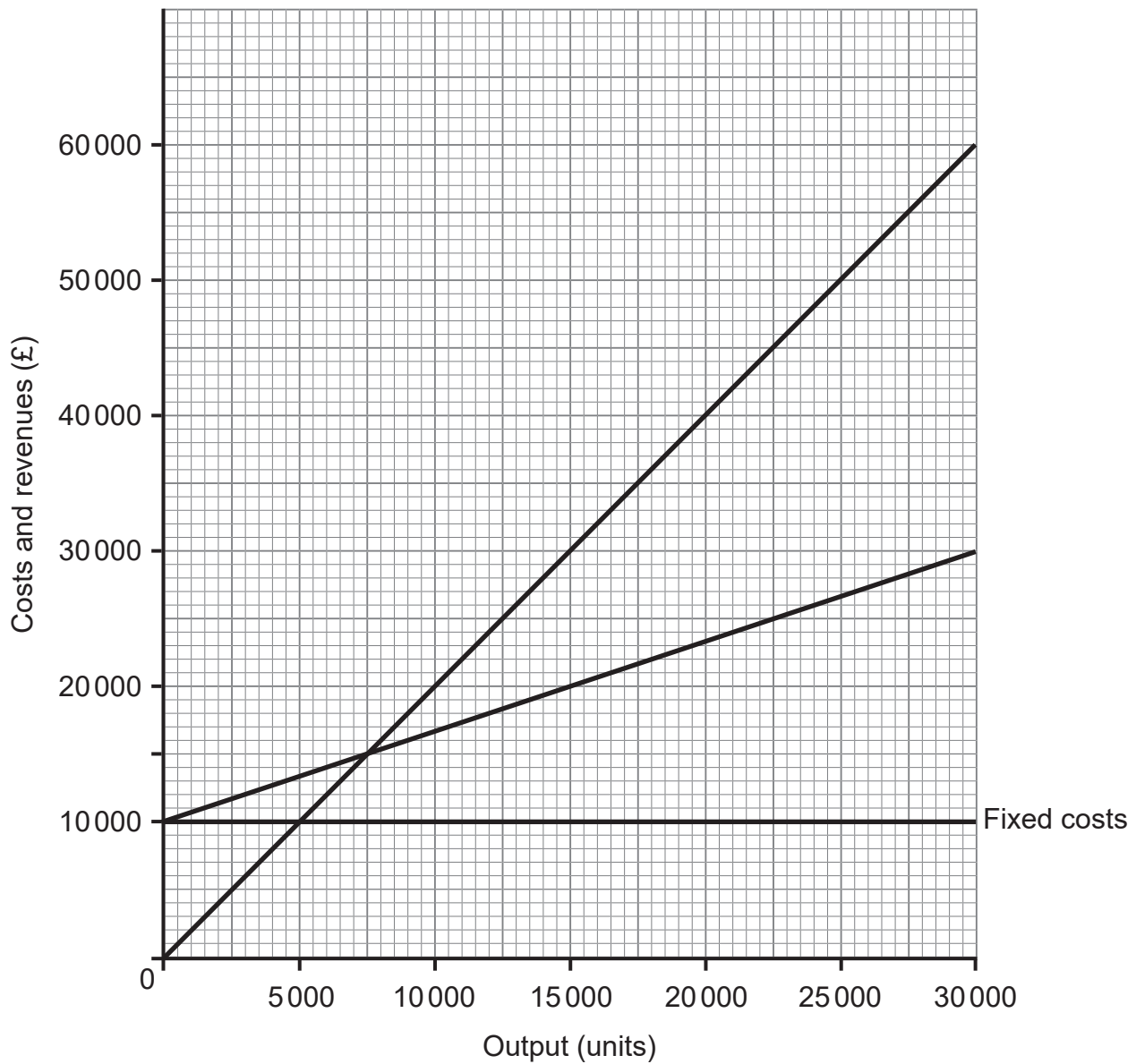
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[4]



(c) Below is a break-even chart for TopCat plc.



(i) On the graph, label:

- Total costs
  - Total revenue
- [2]

(ii) • Identify the break-even output \_\_\_\_\_ [1]

- Identify the sales revenue at 20 000 units of output \_\_\_\_\_ [1]

[Turn over



Gordon Greer is one of the many farmers supplying farm fresh ingredients to TopCat plc. Below is an Income Statement for Gordon Greer.

(d) Complete the blanks.

	£
Sales revenue	98 200
Opening inventory	4 910
Add Purchases	36 500
Less Closing inventory	5 210
Cost of sales	
Gross profit	62 000
Less Expenses:	
Wages	34 500
Rent	3 250
Electricity	1 600
Depreciation	500
Rates	
Other	175
Net profit	20 150

Cost of sales \_\_\_\_\_

Rates \_\_\_\_\_

[2]



$$\text{Gross Profit Percentage} = \frac{\text{Gross profit}}{\text{Sales revenue}} \times 100$$

- (e) Calculate the Gross Profit Percentage using the ratio above. Show your calculations.

[3]

- (f) Last year's Gross Profit Percentage was 59%. Comment on what the difference means for Gordon.

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[3]

[Turn over



- (g) Below is a Statement of Financial Position for Gordon Greer. Complete the blanks.

<b>Non-Current Assets</b>	<b>£</b>
Machinery	64 500
Vehicles	28 200
<b>Current Assets</b>	
Inventory	5 210
Trade receivables	14 590
Bank	1 500
<b>Total Assets</b>	
<b>Equity</b>	
Capital	70 000
Net profit	20 150
Less drawings	10 500
<b>Total Equity</b>	
<b>Non-Current Liabilities</b>	
Loan	20 000
<b>Current Liabilities</b>	
Trade payables	14 350
<b>Total Equity and Liabilities</b>	114 000

Total assets \_\_\_\_\_

Total equity \_\_\_\_\_

[2]



$$\text{ROCE} = \frac{\text{Net Profit}}{\text{Total Assets} - \text{Current Liabilities}} \times 100$$

- (h) Calculate the Return on Capital Employed using the ratio above. Show your calculations.

[3]

- (i) Explain what this ratio means for the business and comment on the success of the business for Gordon Greer.

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[4]

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



**DO NOT WRITE ON THIS PAGE**

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

Examiner Number

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