



General Certificate of Secondary Education  
2025

Centre Number

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Candidate Number

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# Business Studies

Unit 2  
Developing a Business



**[GBU21]**

\*GBU21\*

**FRIDAY 16 MAY, 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(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. \_\_\_\_\_ [1]

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

(ii) Explain **one** advantage of TWS recruiting externally.

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



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

**(b) (i)** Explain **one** advantage to TWS of using testing.

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[2]

**(ii)** Discuss **one** advantage and **one** disadvantage to TWS of using interviews.

Advantage \_\_\_\_\_

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[2]

Disadvantage \_\_\_\_\_

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[2]

[Turn over



(c) Discuss the responsibility of TWS using honesty and confidentiality in the selection process.

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

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



(d) (i) Identify **two** reasons why TWS should train its employees.

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

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

(ii) Describe **one** advantage and **one** disadvantage of staff training to the employees of TWS.

Advantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

Disadvantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

(e) Identify **three** methods of non-financial motivation that TWS could use.

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

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

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

[Turn over



TWS conducts yearly appraisal of its staff using observation.

(f) (i) Explain **one** reason why TWS conducts staff appraisal.

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[2]

(ii) Evaluate the use of observation as a method of staff appraisal.

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[5]







(e) Discuss **two** factors that could limit the growth of TWS.

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

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

[Turn over



(f) Analyse **one** advantage and **one** disadvantage of growth for TWS.

Advantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

Disadvantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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



3 (a) Suggest **two** internal sources of finance that might be available to TWS.

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

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

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

Explain **one** advantage and **one** disadvantage of a mortgage.

Advantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

Disadvantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

(c) Explain the importance of an Income Statement to TWS.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

[Turn over



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:

- Opening inventory \_\_\_\_\_ [1]
- Closing inventory \_\_\_\_\_ [1]
- Gross profit \_\_\_\_\_ [1]
- Advertising \_\_\_\_\_ [1]



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

Show your workings.

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

[2]

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

Comment on the performance of TWS in 2024.

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[4]

[Turn over



**(g)** Explain the importance of a Statement of Financial Position for TWS.

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[2]

**(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.

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[4]





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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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