



*Rewarding Learning*

General Certificate of Secondary Education  
2015

Centre Number

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Candidate Number

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## Business Studies

Unit 2

Business Development

[GBS21]

FRIDAY 5 JUNE, MORNING

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MV18

### TIME

1 hour 40 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.**

Complete in blue or black ink only.

There should be enough space for your answers. If you do require more space, you may complete your answers on the extra lined pages at the back of this question paper.

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)**, **2(c)** and **3(e)**.

Answer **all** questions

1 “Accounting Matters” – a firm of accountants in Markethill – has advertised in the newspapers for an additional accountant. Stephen has recently qualified as an accountant and has applied for the job.

(a) Explain **one** advantage and **one** disadvantage for Accounting Matters of advertising the post externally. [2 marks for each]

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

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

(b) Accounting Matters has sent a Job Description to Stephen. Explain **one** advantage for Stephen of having a Job Description and name **two** details which a Job Description should contain.

Advantage [2 marks] \_\_\_\_\_

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Details [1 mark for each]

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

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

(c) Accounting Matters also uses a Person Specification in its recruitment procedure. Explain **two** purposes of a Person Specification from the firm's point of view.

[2 marks for each purpose]

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

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

(d) As part of the selection process, Stephen is required to give a Presentation. Explain **two** reasons why Accounting Matters uses this method of selection. [2 marks for each reason].

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_







2

Elm Homes Ltd is a medium sized company which sells household goods in Limavady. The business wishes to grow but does not have the technology to trade on-line.

(a) Elm Homes Ltd aims to grow and expand its business. Give details of **two** reasons why this business aims to grow and expand. [2 marks for each]

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

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











3

In January, 2014, Joanna opened “The Coffee Pot” – a new coffee shop in Crumlin.

(a) Before Joanna opened The Coffee Pot, she spent a long time working on a Business Plan. Explain **two** reasons why it is important for a business to have a Business Plan. [2 marks for each]

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(b) Name **two** components which Joanna would have included in her Business Plan. [1 mark for each component]

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

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

- (c) (i) At the end of her first year in The Coffee Pot, Joanna produced a Statement of Financial Position. Some amounts are missing.

**STATEMENT OF FINANCIAL POSITION OF THE COFFEE POT AS AT 31 DECEMBER 2014**

	£	£
<b>Non-Current Assets</b>		
Buildings		
Shop Equipment	15,000	
<b>Total Non-Current Assets</b>		47,000
<b>Current Assets</b>		
Closing Inventory	1,500	
Cash Balance	1,000	
Bank Balance		
<b>Total Current Assets</b>		7,500
<b>Total Assets</b>		
<b>Equity</b>		
Capital	20,000	
Add Net Profit		
	22,000	
Less Drawings	1,000	
<b>Total Equity</b>		21,000
<b>Non-Current Liabilities</b>		
Loan	25,000	25,000
<b>Current Liabilities</b>		
Trade Payables	8,500	8,500
<b>Total Liabilities</b>		33,500
<b>Total Equity and Liabilities</b>		54,500



Calculate the following amounts:

[1 mark for each amount]

Total value of the buildings \_\_\_\_\_

Total Bank Balance \_\_\_\_\_

Total Assets \_\_\_\_\_

Total Net Profit \_\_\_\_\_

(ii) Explain the meaning of each of the following terms:

Current Assets [2 marks]

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Closing Inventory [2 marks]

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Trade Payables [2 marks]

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Drawings [2 marks]

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**(d)** The Capital Employed in The Coffee Pot has been calculated at £29,500. Using this information, as well as the information in the Statement of Financial Position, complete the following formula to calculate Joanna's Return on Capital Employed. Show the calculation correct to one decimal place. [2 marks]

$$\text{Return on Capital Employed} = \frac{\text{Net Profit}}{\text{Capital Employed}} \times 100$$

$$\text{Return on Capital Employed} = \frac{\quad}{\quad} \times 100$$

$$\text{Return on Capital Employed} =$$









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

<b>Total Marks</b>	
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Examiner Number

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