

Centre Number		
71		

Candidate Number

General Certificate of Secondary Education 2013

Applied Business

[G9372]



FRIDAY 24 MAY, MORNING

TIME

1 hour.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number in the spaces provided at the top of this page.

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 booklet.

Write your answers in the spaces provided in this question paper. Answer **all six** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 100.

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 is assessed in questions 2(d), 3(b), and 4(h).

For Examiner's use only		
Question Number	Marks	
1		
2		
3		
4		
5		
6		

Total	
Marks	

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Case Study

Read the case study below and answer the questions that follow.

The Copper Kettle

Sarah Browne has recently opened up The Copper Kettle, a coffee house, bakery and delicatessen at Main Street, Randalstown.

It has always been Sarah's dream to open up a coffee house as she had a lot of experience in this industry. For the past seven years she has been running a catering business from her home. Sarah has supplied a range of hot and cold dishes, breads, cakes and desserts for private functions and local events while building up a loyal clientele. Sarah's blueberry muffins are "the talk of the town"!

Sarah carried out substantial market research which indicated that there would be a strong demand for her new business idea. Randalstown had a number of fast food outlets and licensed restaurants but lacked a homely café where customers could enjoy a casual lunch or relax over a good cup of coffee. An extract from her business website states "At The Copper Kettle we keep things simple, wholesome and true. Everything is freshly made daily using the finest quality local ingredients".

Sarah's previous success allowed her to build up a sound reputation for her home cooked cuisine. Over the years, she had accumulated £20,000 in savings. This money was used to rent premises, purchase a number of assets including a cappuccino machine and a small vehicle. However, this initial investment was insufficient to meet all Sarah's financial needs and she was forced to examine other possible sources of finance.

Sarah is a strong supporter of Fairtrade products and uses every opportunity to promote these. She has established good relationships with local producers and sources her coffee from a well-known social enterprise. "The Copper Kettle uses creative cooking methods and features regional foods and locally grown ingredients".

Answer all questions

Examiner Only

Marks Remark

ness ownership.
[3]
in investing in The Copper se any role in the actual the business, what form of
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i) decis			
ii) finan	ce		
v) liabili ——			
		[8]	

r new business venture.		Marks
Identify and explain the two main methods Sarah is likely to haused to carry out her market research.	ve	
Method 1		
	[1]	
Explanation		
Method 2	[2]	
	[1]	
Explanation		
	[2]	

(b)	Sarah recognises that promotion is a very important element of the marketing mix and has spent a considerable amount of money advertising The Copper Kettle.		Examiner Only Marks Remark
	Explain why advertising is going to be very important to Sarah in determining the success of her new business venture.		
		_	
		[4]	
(c)	Suggest two appropriate methods of promotion available to Sarah.		
	 		

promotional method.	
	[8]

Sar	rah required additional capital to finance her new business venture.		Examine Marks	er Only Remark
(a)	Identify two suitable external sources of finance for Sarah.			
	Source 1			
		_ [1]		
	Source 2			
		_ [1]		
(b)	Evaluate the suitability of these sources of finance for The Copper Kettle and recommend to Sarah the most appropriate method for h situation.	er		
		_ [8]		

(c) Trading, Profit and Loss Account (Income Statement) of The Copper Kettle for the year ending 31st March 2013.

	ı	
	£	£
Sales (Sales Revenue)		52,000
Less Cost of Goods Sold		12,000
Gross Profit		40,000
Less Expenses: Rent Heating and Lighting Sundry Expenses	9,600 6,000 4,200	19,800
Net Profit		20,200

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

Using the above formula, calculate the Net Profit Percentage for The Copper Kettle in the space provided below.

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[3]

Examiner Only

Marks Remark

(d) Extract from Balance Sheet (Statement of Financial Position) of The Copper Kettle for the year ending 31st March 2013.

Examiner Only			
Marks	Remark		

£	£	£
Fixed Assets (Non-Current Assets)		
Company Vehicle		4,800
Cappuccino Machine		2,200
Kitchen Equipment Total Fixed Assets (Non-Current Assets)		<u>14,000</u> 21,000
Current Assets		
Stock (Inventory)	2,800	
Debtors (Trade Receivables)	1,300	
Cash	210	
	4,310	
Current Liabilities		
Creditors (Trade Payables)	2,110	
Working Capital		2,200
		23,200
Long-Term Liabilities (Equity)		
Capital	20,000	
Add Net Profit	20,200	
	40,200	
Less Drawings	17,000	23,200

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Fι	orn	าม	la:

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

Using the above formula, calculate the ROCE for The Copper Kettle in the space provided below.



[3]

Formula:	Examii Marks
Working Capital Ratio = Current Assets Current Liabilities	
Jsing the above formula, calculate the Working Capi Copper Kettle in the space provided below.	tal Ratio for The
	[3]

and she ass	Sarah's coffee house becomes a popular meeting place for young old alike, demand for her muffins, scones and cakes increases and realises that she needs to employ additional staff. She requires an istant who has specialised in baking and can produce the home matchly baked products for which Sarah's coffee house is now famous.	
(a)	Explain the meaning of the term external recruitment.	
		_ [2]
(b)	State one advantage and one disadvantage to Sarah of external recruitment.	
	Advantage	
	Disadvantage	
		[1]
(c)	Identify two factors which may influence Sarah's choice of recruitn method.	nent
	1	
	2	
(d)	Identify two methods Sarah could use to advertise this position.	
	1	
	2	_ [2]

(e)		ce Sarah has identified the responsibilities and tasks relating to she will produce a job description and a person specification.	the Examiner On Marks Rem
	(i)	What is the purpose of a job description?	
			_ [2]
	(ii)	What is the purpose of a person specification?	
			_
			[2]
(f)		en a suitable person has been appointed, Sarah will provide h/her with a contract of employment.	
	(i)	What is a contract of employment?	
			_
			[2]
	(ii)	Why will a contract of employment be important to the newly appointed employee?	
			[3]

Sarah wants her staff to work hard and to be efficient. To do this, she must **Examiner Only** Marks Remark ensure that they are well motivated. (g) Suggest two financial methods of motivation and two non-financial methods of motivation that Sarah may use. Financial methods 1. _____ Non-financial methods 2. _____[2] (h) Evaluate the two motivational methods which you consider to be the most appropriate for Sarah to use.

SKE	ed to produce a business plan.	Marks	Ren
1)	What is a business plan?		
		_	
		[1]	
)	List four components of a business plan.		
	1	_	
	2	_	
	3		
	4	[4]	
	Is it advisable for Sarah to have a business plan? Give two reasons support your opinion.	s to	
	1		
		_	
		_	
		_	
	2	_	
		_	
		_	
		[4]	

(a)	Explain the term social enterprise.	
		_
		[2]
b)	Using the information in the case study, identify two aims for Sarah business.	ı's
	1	_
	2	
		[2]
(c)	Discuss two strategies that Sarah might use to cope with increased competition in her area.	
	1	_
		_
		_
	2	_
		_
		[4]

(d)	lde of h	Identify factors that Sarah might use to measure the success or failure of her business.					
	(i)	the success of her business					
	(II)		 _ [2]				
	(11)	the failure of her business					
			 _ [2]				
_	ТН	IS IS THE END OF THE QUESTION PAPER					

Continuation page (Use this page if you need more space to complete your answers.)

Question Number	Number your answers clearly
Number	

Continuation page (Use this page if you need more space to complete your answers.)

Question	Number your answers clearly
Number	