



Rewarding Learning

General Certificate of Secondary Education
2015

Centre Number

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Candidate Number

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Applied Business



[G9372]

TUESDAY 2 JUNE, AFTERNOON

TIME

1 hour, 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.

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 **3(c)**, **4(d)** and **5(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.

Clean Cars Ltd

John McFarland and Patrick Johnston have successfully run their individual sole trader car washing/valeting businesses for approximately 10 years in the city of Armagh. Both gentlemen gained the necessary experience having served specific apprenticeships for washing/valeting cars and then employment for the same small business owners prior to becoming entrepreneurs themselves.

As the recession continued, both businesses were failing with a declining customer base, no new customers and reduced turnover all leading to staff redundancies. To overcome this difficulty John and Patrick decided to combine their current business ventures to form a new organisation, Clean Cars Ltd.

John specialises in car washing and Patrick in car valeting. The integration of both businesses proved to be a positive decision. Clean Cars Ltd has moved into its second successful year of trading. In its first year of business Clean Cars Ltd reported an end of year profit, as well as having retained all existing customers from both previous businesses, attracting a number of new customers, providing a small number of jobs in addition to adding a range of new and competitively priced services to the surrounding area.

Source: own source

(e) When a profit has been declared by Clean Cars Ltd each shareholder will receive a share of the profit.

This share of profits is known as a _____ [1]

(f) Identify **three** aims that Clean Cars Ltd may have for its second year of trading.

1. _____ [1]

2. _____ [1]

3. _____ [1]

Examiner Only	
Marks	Remark

2 Clean Cars Ltd will have a lot of machinery and equipment. For example these could be industrial vacuum cleaners and power washers. Employees will be expected to use these in the course of their work.

(a) State the law which governs the welfare of the employees while at work.

_____ [1]

(b) Identify **three** responsibilities for employers while in the workplace.

1. _____
_____ [1]

2. _____
_____ [1]

3. _____
_____ [1]

(c) Identify **three** responsibilities for employees while in the workplace.

1. _____
_____ [1]

2. _____
_____ [1]

3. _____
_____ [1]

Examiner Only	
Marks	Remark

3 (a) Identify the type of production that is used within Clean Cars Ltd.

_____ [1]

(b) Explain this type of production with reference to Clean Cars Ltd.

_____ [2]

(c) Analyse the changing trends across the various types of production to John and Patrick within the Northern Ireland economy.

_____ [8]

Examiner Only	
Marks	Remark

(d) Write down **one** advantage and **one** disadvantage of this method of market research to Clean Cars Ltd.

Advantage

[1]

Disadvantage

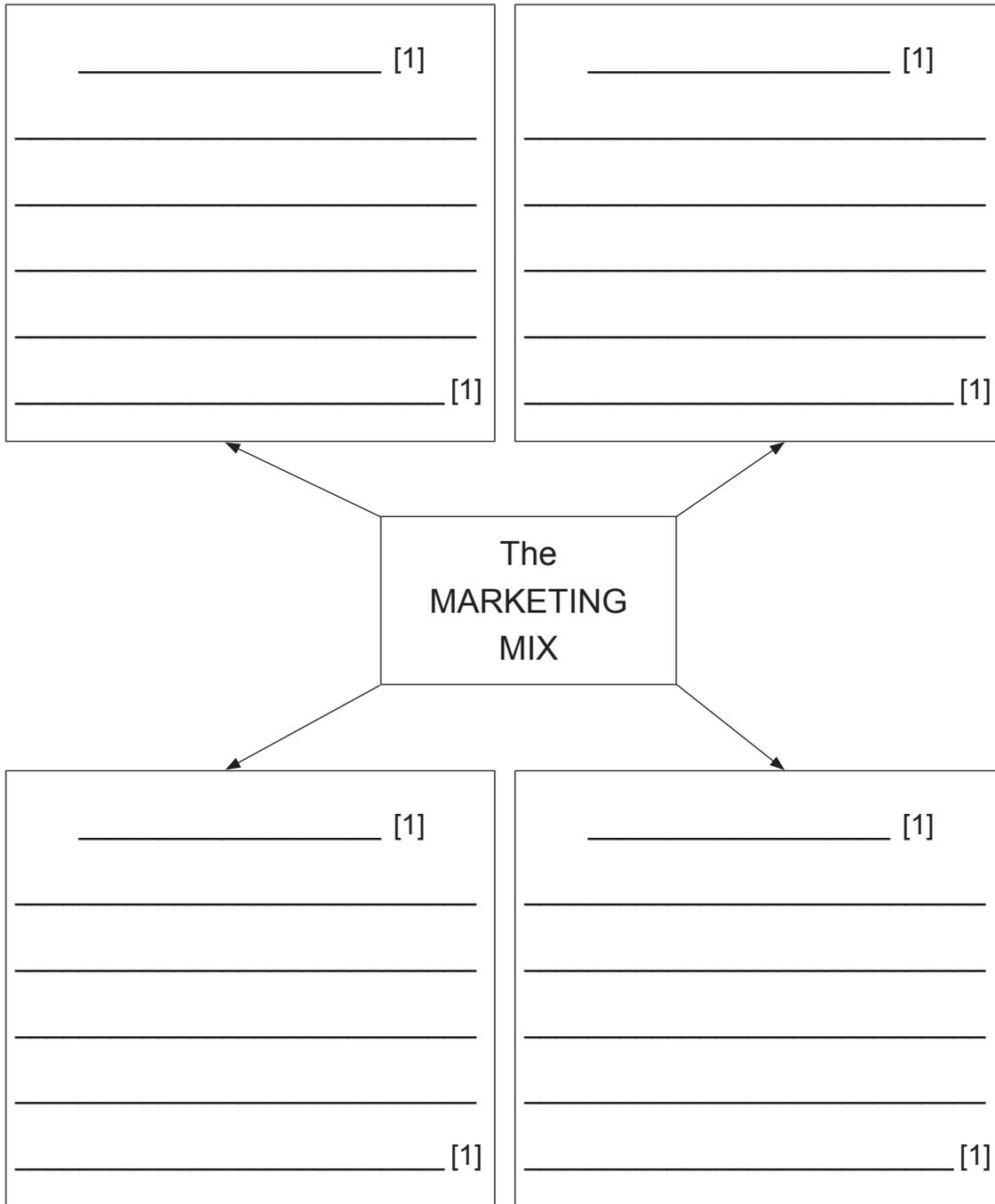
[1]

(e) Discuss **three** reasons why Clean Cars Ltd carried out market research.

[6]

Examiner Only	
Marks	Remark

(f) Identify and explain the parts of the marketing mix by completing the following diagram.



(g) Discuss the channel of distribution used by John and Patrick.

[3]

Examiner Only	
Marks	Remark

- 6 John and Patrick produced the following set of final accounts at the end of their first year of trading.

**Income Statement for Clean Cars Ltd for the year ending
31st December 2014**

	£	£
Sales Revenue		100,000
Opening Inventory	5,000	
Purchases	<u>38,560</u>	
	43,560	
Closing Inventory	<u>3,560</u>	
Less COST OF GOODS SOLD		<u>40,000</u>
GROSS PROFIT		60,000
Less Expenses		
Wages and Salaries	24,000	
Rates	2,500	
Heating and Lighting	1,500	
Insurance	3,250	
Miscellaneous Expenses	<u>750</u>	<u>32,000</u>
NET PROFIT		<u>28,000</u>

Examiner Only

Marks Remark

**Statement of Financial Position for Clean Cars Ltd as at
31st December 2014**

	£
NON-CURRENT ASSETS	
Premises	55,000
Vehicle	5,300
Machinery/Equipment	5,000
Tools	<u>1,300</u>
Total Non-Current Assets	66,600
CURRENT ASSETS	
Closing Inventory	3,560
Trade Receivables	20,600
Bank	28,840
Cash	<u>6,800</u>
Total Current Assets	<u>59,800</u>
Total Assets	<u>126,400</u>
EQUITY	
Opening Capital	46,000
Add Net Profit	28,000
Less Drawing	<u>8,000</u>
Closing Capital	66,000
NON-CURRENT LIABILITIES	
Mortgage	25,900
Bank Loan	<u>4,000</u>
Total Non-Current Liabilities	29,900
CURRENT LIABILITIES	
Trade Payables	6,000
Bank Overdraft	<u>24,500</u>
Total Current Liabilities	<u>30,500</u>
Total Equity and Liabilities	<u>126,400</u>

Examiner Only

Marks	Remark

- (a) Calculate the return on capital employed for Clean Cars Ltd, using the formula in the space below.

FORMULA:

Return on capital employed (ROCE) =

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

ANSWER:

[3]

- (b) Explain the meaning of your answer in (a) to Clean Cars Ltd.

[2]

- (c) Calculate the net profit percentage for Clean Cars Ltd, using the formula in the space below.

FORMULA:

$$\text{Net profit percentage} = \frac{\text{Net Profit}}{\text{Sales Revenue}} \times 100$$

ANSWER:

[3]

Examiner Only

Marks Remark

(d) Explain the meaning of your answer in (c) to Clean Cars Ltd.

[2]

(e) Calculate the working capital ratio for Clean Cars Ltd, using the formula in the space below.

FORMULA:

$$\text{Working capital ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

ANSWER:

[3]

THIS IS THE END OF THE QUESTION PAPER

Examiner Only	
Marks	Remark

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