Centre Number			Candidate Number		
Surname					
Other Names					
Candidate Signature					



General Certificate of Secondary Education Specimen Paper

Business Subjects and Economics

4130/02

Unit 2 Growing as a Business

Written Paper

You will need no other materials.

You may use a calculator.

Time allowed

• 1 hour

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer all questions.
- You must answer the questions in the space provided.
 Answers written in margins or on blank pages will not be marked.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 60.
- You are reminded of the need for good English and clear presentation in your answers. All questions should be answered in continuous prose. Quality of Written Communication will be assessed in questions 2 (c), 3 (b) and 4 (d).



For Examiner's Use

Examiner's Initials

Question Mark

1
2
3
4
TOTAL

Answer **all** questions in the spaces provided.

Total for this question: 14 marks

Read Item A and then answer the questions that follow.

Item A

Smith's Ltd is a small chain of supermarkets. They specialise in selling food products that come from organic farms. The directors have been pleased with the growth of the company and are thinking about expanding. This will mean opening new stores and recruiting new staff. The new staff will need to be trained using 'on-the-job training'.

It is important to the business that they use different ways of motivating their workforce. Their rates of pay are quite good, compared with other supermarkets, but the directors also like to use other ways of providing job satisfaction for all employees.

1	(a)	What is meant by 'on-the-job training'?
		(2 marks)
		(Extra space)



1	(b)	Explain two benefits of training new employees to <i>Smith's Ltd</i> .
		(5 marks)
		(Extra space)
		Question 1 continues on the next page



1	(c)	(i)	Identify two possible methods of motivating staff at <i>Smith's Ltd</i> .
			(2 marks) (Extra space)
1	(c)	(ii)	Explain which one of these methods would be the best for <i>Smith's Ltd</i> . Give reasons for your answer.
			(5 marks) (Extra space)
			(End a space)







Total for this question: 19 marks

Read Item B and then answer the questions that follow.

Item B

Smith's Ltd is competing against some very big supermarket chains which sell a wide variety of products, not only organic food. The Marketing Director is concerned that the larger supermarkets have a much wider product range and can charge lower prices.

If Smith's Ltd does expand, it will need to adopt a marketing plan to be able to compete with the biggest supermarkets. Smith's Ltd will also need to attract new customers, especially in those parts of the country where they are not yet established.

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(5 marks)

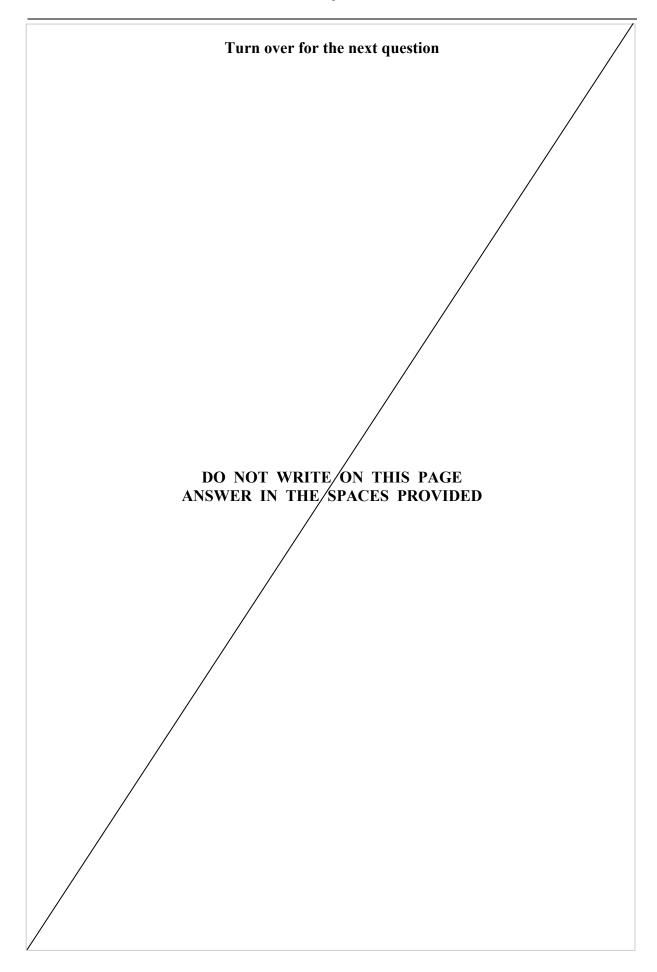


Explain two ways in which <i>Smith's Ltd</i> could extend its product portfolio.
/-
(5 m
Question 2 continues on the next page
Question 2 continues on the next page



2 (c)	How could <i>Smith's Ltd</i> use pricing methods to help it expand its business. Give reasons for your answer.
	(Extra space)







Total	for	this	question:	11	marks
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3 Read Item C and then answer the questions that follow.

Item C

At a board meeting, the directors decide on a number of business objectives to help them to reach their targets. One of the directors suggests that *Smith's Ltd* should be converted into a public limited company (plc). This may help with the expansion plans, although some directors are worried about the drawbacks if they become a plc.

3	(a)	Give a suitable example of a business objective for Smith's Ltd.
		(2 mark (Extra space)
		(Exit a space)



3	(b)	Recommend to the directors of <i>Smith's Ltd</i> whether or not they should convert the company to a public limited company. Give reasons for your answer.
		(O manks)
		(9 marks) (Extra space)
		(Em a space)



Total for this question: 16 marks

4 Read Item D and then answer the questions that follow.

Item D

The directors want to know how the company is doing. The Finance Director presents information using data from the company accounts.

Extract of financial data for Smith's Ltd

	2007	2006
Sales revenue	£230m	£200m
Gross profit	£160m	£120m
Net profit	£16m	£18m

4	(a)	Using the data provided in Item D , calculate the increase in sales revenue between 2006 and 2007 for <i>Smith's Ltd</i> .
		(2 marks)
		(Extra space)
4	(b)	Calculate the percentage change in the sales revenue.
	(-)	
		(2 mark)
		(Extra space)

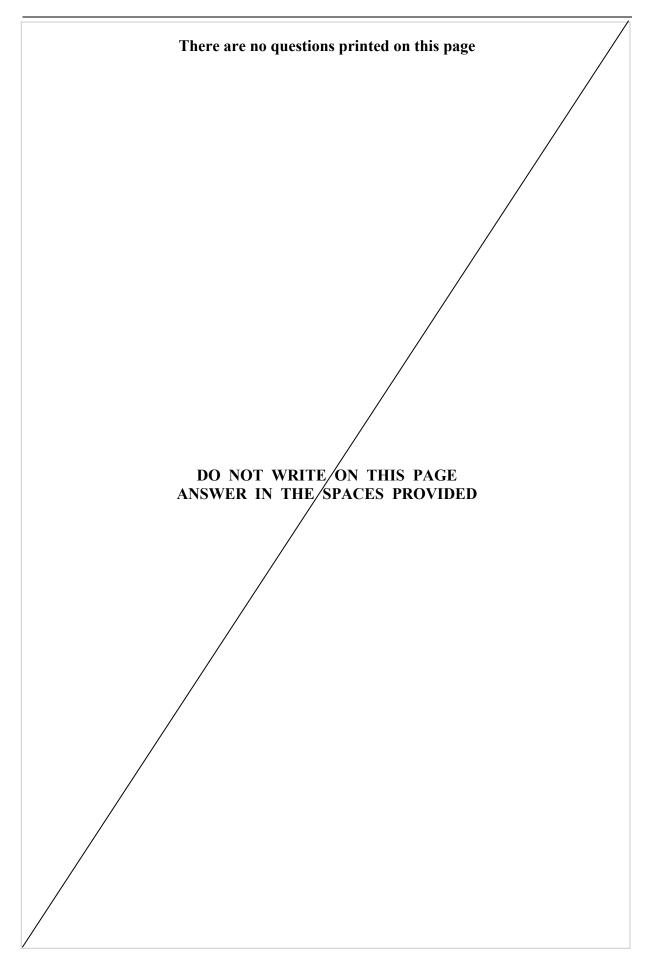


4 (c)	Using Item D , calc workings.	culate the net profit mar	gin for Smith's Ltd	l for 2006. Show your
	The formula is:	net profit margin =	net profit sales revenue	- x 100%
	(Extra space)			(3 marks)
	Qu	uestion 4 continues on t	the next page	

(d)	Using this data, and any other information that may be relevant, discuss whether you think <i>Smith's Ltd</i> is performing better in 2007 than it was in 2006.				
	(9 mar				
	(Extra space)				

END OF QUESTIONS







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