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Turn over

Total

Answer ALL the questions. Write your answers in the spaces provided.

1. A typical cash flow forecast for a small business is shown below.

		20	10	
	January	February	March	April
Opening balance	1 500	3 500	5 500	9 000
Income (Receipts)				
Cash sales	7 500	7 500	10 000	10 000
Credit sales	2 500	2 500	3 500	4 500
Total Income	10 000	10 000	13 500	14 500
Expenditure (Payments)				
Materials	1 500	1 500	3 500	5 000
Rent	1 500	1 500	1 500	1 500
Wages	5 000	5 000	5 000	6 000
Total Expenditure	8 000	8 000	10 000	12 500
Net cash flow	2 000	2 000	3 500	2 000
Closing balance	3 500	5 500	9 000	11 000
Opening balance Income (Receipts)				
Expenditure (Payments)				
Net cash flow				
Closing balance				
				(5)



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her town. The quality of her product has attracted the attention of a business that wants her to supply a range of 10 different sandwiches, six days a week, to 12 supermarkets. Justine will have to use batch production for the supermarket sandwiches. (b) Explain why Justine will have to use batch production. In 2007, the exchange rate for the American dollar against the British pound increased from \$1.90 to \$2.06. One result of this was the large number of British people who bought cheap flights to America to buy goods in New York shops; goods that they could have just as easily bought in London. (c) Analyse why the change in the exchange rate benefited British shoppers. **(5)**

Justine has had a successful year providing pre-ordered sandwiches to small businesses in



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Anita Roddick started The Body Shop in 1976. It began with a single shop in Brighton.

The following information relates to the growth of The Body Shop.

- In 1982 new shops opened at the rate of two a month
- In 1986 The Body Shop was listed on the London Stock Exchange
- In 1989 The Body Shop opened in America
- In 1990 The Body Shop was trading in 39 countries
- In 1994 Body Shop at Home direct selling from a website opened in four countries
- In 2005 there were 2,045 Body Shop stores across the world
- In 2006 The Body Shop was bought by the L'Oréal Group

(d)	Using this information, judge the success of this business between 1976–2006.	
	(5)	

Q1

(Total 20 marks)



- **2.** Three key departments in any large business are finance, marketing and personnel (human resources).
 - (a) Against each function below, indicate with a cross (⋈) the department responsible for that function. If you change your mind about an answer, put a line through the box (⋈) and then indicate your new answer with a cross (⋈).

Function	Finance Department	Marketing Department	Personnel Department	
Invoicing	\boxtimes	\bowtie	×	
Distribution of product	\boxtimes	\bowtie	\boxtimes	
Grievance procedures	\boxtimes	\bowtie	\boxtimes	
Advertising	\boxtimes	\bowtie	\boxtimes	
Training	\boxtimes	\boxtimes	\boxtimes	
				(5)

In 2006, the first Blu-ray DVD player came to the market.

(b)	Using the skimming price strategy, explain why it was the most appropriate strategy for the business that sold the first Blu-ray DVD player.
	(5)



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The interdependence of the primary, secondary and tertiary sectors is essential to business activity.

c) Analyse how primary, secondary and tertiary a school desk.	activities link in order to produce a
	(5)
c)	school desk.



imp	fessor Frederick Herzberg once said, "Motivators and hygiene factors are equally ortant, but for different reasons".
(d)	Discuss the importance of Herzberg's hygiene factors in the work place.
	(5)
	(Total 20 marks)
	TOTAL FOR PAPER: 40 MARKS
	TOTAL FOR PAPER: 40 MARKS



