

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										

For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



General Certificate of Secondary Education
June 2015

Business Studies

413002

Unit 2 Growing as a Business

Friday 5 June 2015 9.00 am to 10.00 am

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 spaces provided. Do not write outside the box around each page or on blank pages.
- 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. Quality of Written Communication will be assessed in questions 1(d), 2(c) and 3(d).



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IB/G/Jun15/E2

413002

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

Total for this question: 19 marks

1 Read **Item A** and then answer the questions that follow.

Item A

Paintball Army Limited

Paintball Army Limited (PA Ltd) was set up 10 years ago. The paintball site is outdoors and near to a town. There is a small café serving snacks, but it is only open for 3 hours a day.

Over the last 2 years the number of customers playing paintball has gone down. There are other paintball sites near PA Ltd which have better facilities, such as new changing rooms and modern cafés.

David, the managing director of PA Ltd, is thinking about extending his product portfolio by offering other games. David has heard about laser tag and how it is becoming a popular activity. Laser tag is played in the same way as paintball, but uses an infrared gun. The nearest laser tag centre is many miles away.

David knows that there is a large indoor space that is available at a new retail park. It would be more expensive to run but the site has room for a large café, which is what many of PA Ltd's customers want. There is free parking and a large outdoor area that could be developed in the future.

David wants to attract new customers to his business, but keep his regular customers as well. He will need to carefully think about his pricing strategy if he moves to the new site.



Source: photograph, Getty Images



1 (a) State **two** features of a private limited company. [2 marks]

Feature 1 _____

Feature 2 _____

1 (b) Explain **two** reasons why PA Ltd might move to the new location. [4 marks]

Reason 1 _____

Extra space _____

Reason 2 _____

Extra space _____

Question 1 continues on the next page.

Turn over ►



1 (c) Explain how increasing its product portfolio might help PA Ltd.

[4 marks]

Extra space

1 (d) If David moves his business to the retail park he will want to attract new customers as well as keep his old customers. He knows he will need to get the pricing strategy right.

Recommend a suitable pricing strategy for David. Use **Item A** to support your answer.

[9 marks]



Total for this question: 20 marks

2 Read **Item B** and then answer the questions that follow.

Item B
Biscuit Box plc



Biscuit Box plc (BB plc) produces a wide range of biscuits for leading supermarket chains. Six months ago, BB plc's biggest competitor closed down and it is unsure when it will restart production. BB plc has seen a big rise in the number of orders it is getting. This has put a lot more pressure on the biscuit production line which has been working 24 hours a day.

The Board of Directors at BB plc want to invest in a new production line so that they can make more biscuits and complete their orders on time. This will cost £20 million. The business has provided some financial information, shown in **Figure 1**, to help decide how to finance the production line. Interest rates are low at the moment, but they might go up again soon.

The Board of Directors is also thinking about introducing a just-in-time (JIT) system when ordering stock. There have been problems with the large amount of stock they are wasting such as flour, eggs and sugar. Also, warehousing costs have increased because of the increase in biscuit production.

Figure 1: Extracts from Biscuit Box plc's Income Statement (Trading and Profit and Loss Account)

	2014 (£million)	2013 (£million)
Revenue (sales)	400	320
Cost of sales	200	100
Expenses	180	140
Net profit		80

$$\text{Net profit margin \%} = \frac{\text{Net profit}}{\text{Revenue (sales)}} \times 100$$

The net profit margin for 2013 is 25%

Source: photograph, Getty Images



2 (a) (i) Using the formula in **Item B**, calculate BB plc's net profit margin for **2014**.
Show your workings.

[2 marks]

Net profit margin _____

Workings _____

2 (a) (ii) BB plc's net profit changed between 2013 and 2014.
Explain **one** way this change might have affected the business.

[3 marks]

Extra space _____

Question 2 continues on the next page.

Turn over ►



2 (b) BB plc is thinking about introducing a JIT system for ordering stock. Explain **one** advantage and **one** disadvantage to BB plc of the JIT system.

[6 marks]

Advantage _____

Extra space _____

Disadvantage _____

Extra space _____



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Turn over for the next question.



There are no questions printed on this page.

**DO NOT WRITE ON THIS PAGE
ANSWER IN THE SPACES PROVIDED**

Turn over ►



Total for this question: 21 marks

3 Read **Item C** and then answer the questions that follow.

Item C

James Personnel Limited

Kate James started James Personnel Limited (JP Ltd) 5 years ago. The business specialises in the supply of temporary office staff (known as temps) and operates from a large office in Warrington with smaller offices in nearby towns. Recently, JP Ltd merged with another local employment agency. This means that it can compete with the bigger agencies in the north of England. JP Ltd has customers that include small businesses and large international companies.

The market for providing temps is very competitive and Kate is thinking how she could improve the reputation of JP Ltd to attract more customers.

With the increasing use of the internet to contact customers and temps in the area, Kate believes that she could operate better from one central office. JP Ltd would no longer need employees in the smaller offices which would mean that some of the staff would be made redundant. Having a central office would mean that Kate could more easily check on the quality of the services provided to customers.

The threat of redundancies has caused JP Ltd staff to become de-motivated. Kate realises that she needs to think of new ways to encourage her staff to be happier in the work that they do.



Source: photograph, Getty Images



3 (a) Describe **one** benefit for a company of merging with a similar business. **[2 marks]**

Extra space _____

3 (b) Explain **one** method JP Ltd could use to recruit high quality temps. **[4 marks]**

Extra space _____

Turn over ►



3 (c) Explain **one** advantage and **one** disadvantage to JP Ltd of operating from one central office.

[6 marks]

Advantage _____

Extra space _____

Disadvantage _____

Extra space _____



Extra space _____

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END OF QUESTIONS

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