

Candidate Name	Centre Number	Candidate Number
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**GCSE**

122/01

**BUSINESS STUDIES**

**PAPER 1**

**FOUNDATION TIER**

P.M. TUESDAY, 9 June 2009

2 hours

**ADDITIONAL MATERIALS**

Calculators may be used.

**INSTRUCTIONS TO CANDIDATES**

Write your name, centre number and candidate number in the spaces at the top of this page.

Answer **all** the questions.

Write your answers to all the questions in the spaces provided in this question-and-answer booklet.

**INFORMATION FOR CANDIDATES**

The mark allocation for each part of a question is shown in brackets.







You will be awarded marks for the quality of written communication.

For Examiner's use only		
Question	Maximum mark	Mark awarded
1.	3	
2.	3	
3.	2	
4.	3	
5.	5	
6.	10	
7.	20	
8.	14	
9.	20	
10.	20	
QWC	5	
<b>Total</b>	<b>105</b>	

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

1. Which **three** of the following are usually regarded as examples of **consumer durable goods**? [3]






N.B. Tick **three** boxes only.

Delivery van 		Home washing machine 	
Box of chocolates 		Family holiday 	
Personal music player 		Living room furniture 	

Total mark

2. Which **three** of the following have happened as a result of the United Kingdom's membership of the European Union? [3]

N.B. Tick **three** boxes only.

Less trade between British businesses and European Union countries		
Workers from other European Union countries find it easier to find work in the United Kingdom		
More trade with China which is not in the European Union		
No customs duties paid when moving goods between European Union countries		
More trade with other European Union countries		

Total mark

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3. Study the profit and loss account below and complete the shaded areas.

[2]

**PROFIT AND LOSS ACCOUNT  
CYMRU TRADING  
2008**

Turnover	
Cost of Sales	£200 000
Gross Profit	£400 000
Expenses	£100 000
Net Profit	

**Total Mark**

4. Below are a number of business terms.

VARIABLE COST	STAKEHOLDER	COMPUTER AIDED DESIGN
SHAREHOLDER	JUST IN TIME	FIXED COST

Which of the above terms best describes **each** of the following:

[3]

- (i) a cost which does not change even when the number of goods being produced increases;

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- (ii) a system of stock control;

.....

- (iii) any person who is affected by the operation of a business?

.....

**Total Mark**

5. Read the article below and answer the questions which follow.

**The Café 2U Story**

Café 2u was introduced into the United Kingdom by Australian Tom Ackland. He started the business selling coffee and food items from vans, fitted out with the latest equipment, which were located in areas such as industrial parks and office buildings and at sporting events and school fetes. To expand the business he has set up a franchise selling the rights to the business name and product. This costs people, buying into the franchise, £12 000 to begin with. The buyers also pay £700 per month to rent vans plus an extra £50 per month in royalties. They can then operate in their own areas.

*Adapted from [www.cafe2u.co.uk](http://www.cafe2u.co.uk)*

(a) What is the name given to a person or business buying into a franchise? [1]

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(b) Suggest and explain **one** advantage and **one** disadvantage to a business that buys into a franchise. [4]

Advantage .....

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Disadvantage .....

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**Total Mark**

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6. Freda Bassett owns a small shop, selling old fashioned sweets, in a Welsh holiday resort. Her business is so popular that she realises that she could expand the business by buying and equipping the shop next door.



(a) Suggest **two** ways in which Freda can obtain the money she needs to expand. [2]

(i) .....

(ii) .....

(b) Why are the methods you have chosen suitable for Freda's expansion plans? [4]

(i) .....

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(ii) .....

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Freda decides to draw up a business plan to help her obtain the money needed for the expansion of the business.

(c) Outline **two** pieces of information Freda should include in her business plan. (Do **not** include Freda's name, address or telephone number in your answer.) [4]

(i) .....

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(ii) .....

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**Total Mark**

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7. Billy Matthews and Terri Gates are very enthusiastic about computer games and anything to do with technology. They have decided to go into partnership to set up their own computer shop.



(a) State and explain **three** advantages for Billy and Terri of setting up as a partnership rather than one of them setting up as a sole trader. [6]

(i) .....  
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(ii) .....  
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(iii) .....  
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Billy and Terri have decided to draw up a Deed of Partnership.

(b) What is a Deed of Partnership **and** why is it a good idea for Billy and Terri to have one? [3]

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Billy and Terri realise that it will be important to advertise their business.

(c) (i) Suggest **one** type of advertising Billy and Terri might use. [1]

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(ii) Why might this type be suitable for their business? [2]

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Billy and Terri have found an empty shop for their business located fairly close to a large shop owned by a well known national chain selling computers and computer games.

(d) Evaluate the advantages **and** disadvantages of Billy and Terri’s decision to set up their small shop close to a large computer shop owned by a well known national chain. [8]

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**Total Mark**





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**Turn over.**

8. Fatima Iqbal works in the Finance Department of SureStart Ltd. which produces car parts.

(a) Which **two** of the following jobs might be done by the Finance Department of SureStart Ltd? [2]

N.B. Tick **two** boxes only.

Sending bills to customers requesting payment		
Packing goods to be sent to customers		
Organising advertising campaigns to promote sales		
Keeping records of money spent and received		

Fatima is paid £8 per hour for a 35 hour week. At busy times she works overtime and is paid £12 per hour for each hour over 35 hours worked.

Below is a payslip for Fatima. Study the payslip and answer the questions which follow.

<h1>SureStart Ltd</h1>							
PAYSLIP							
DEPARTMENT		DATE		TAX WEEK		NAME	
Finance		13/8/08		20		Fatima Iqbal	
GROSS PAY		DEDUCTIONS		TOTALS			
BASIC PAY	£280.00	PAYE	£40.00	GROSS PAY	£316.00		
OVERTIME	£36.00	N.I.	£31.00	LESS	£?		
GROSS PAY	£316.00	TOTAL	£71.00	NET PAY	£?		

(b) How much did Fatima receive as net pay? [1]

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(c) Income tax is collected using a system called PAYE. What do these initials stand for? [1]

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(d) (i) Why must Fatima pay National Insurance (N.I.) contributions? [1]

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(ii) How might Fatima gain from paying these National Insurance (N.I.) contributions?[1]

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David James is head of the Personnel Department for the business. He has responsibility for the recruitment, selection and training of workers.

(e) List **four** steps David might take when the business needs to employ more workers. [4]

(i) .....

(ii) .....

(iii) .....

(iv) .....

SureStart Ltd. spend a lot of money to pay for the training of new and existing workers.

(f) Explain why such training is necessary for (i) new workers and (ii) workers already employed by SureStart Ltd. [4]

(i) new workers .....

.....

.....

(ii) workers already employed .....

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.....

**Total Mark**

**Turn over.**



Simon and Rhodri had the problem of finding a place to sell their products. They eventually arranged to sell *Bulldog's* products only in Sainsbury plc supermarkets.

- (c) Suggest and explain **one** advantage and **one** disadvantage for Simon and Rhodri of selling their products only in Sainsbury plc supermarkets. [4]

Advantage .....

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Disadvantage .....

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Setting prices is an important part of Simon and Rhodri's marketing plan.

- (d) Evaluate various pricing strategies that might be used for the *Bulldog* range. [8]

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**Total Mark**

**Turn over.**

10. Read the article below and answer the questions which follow.

Honda is a Japanese business which produces a range of products including cars. They have had a factory in Swindon, in the UK, since 1989. Since then the factory has grown so that today it is capable of producing up to 250 000 cars every year. Alongside this factory is another which assembles up to 1 000 car engines per day.

*Adapted from www.mfg.honda.co.uk*

(a) Honda uses division of labour in the production process. What is meant by the term division of labour? [2]

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(b) Honda operates on a very large scale. Suggest and explain **two** economies of scale from which large businesses, such as Honda, might benefit. [4]

(i) .....

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(ii) .....

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(c) Suggest **one** reason why Honda might have wanted to operate a car factory in the United Kingdom rather than producing all its cars in Japan. [1]

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A British car manufacturer is the Morgan Motor Company, a private limited company, which has been producing cars since 1909. They build handmade sports cars for customers wanting to buy individual cars very different from those sold by the larger mass production makers such as Honda. Production takes place in a small factory in Herefordshire where 155 workers are employed. Nine cars a week are produced and each one takes three months to make.

*Adapted from [www.morgan-motor.co.uk](http://www.morgan-motor.co.uk)*



- (d) Honda's assembly line operates using flow production. Which type of production is likely to be used by the Morgan Motor Company? [1]

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- (e) Suggest and explain **one** advantage and **one** disadvantage to customers of their individually produced cars. [4]

Advantage .....

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Disadvantage .....

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