

Candidate Name	Centre Number	Candidate Number
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**GCSE**

122/02

**BUSINESS STUDIES**

**PAPER 2**

**HIGHER TIER**

P.M. TUESDAY, 9 June 2009

2 hours

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

**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.



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.**

2. 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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3. Joe Gerrish had taken early retirement from his job as a civil servant. He had always wanted to run his own business. Joe discovered the right business for him involved hiring out rowing boats on the River Usk.

Joe employs one worker who is paid £250 per week.

(a) Joe’s worker is paid £250 per week but the amount he receives in his pay packet is £200 per week. Briefly explain why there is a difference between the two amounts. [2]

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Joe operates as a sole trader. He is considering forming a private limited company.

(b) Outline the advantages **and** disadvantages to Joe of changing his business to a private limited company. [6]

Advantages .....

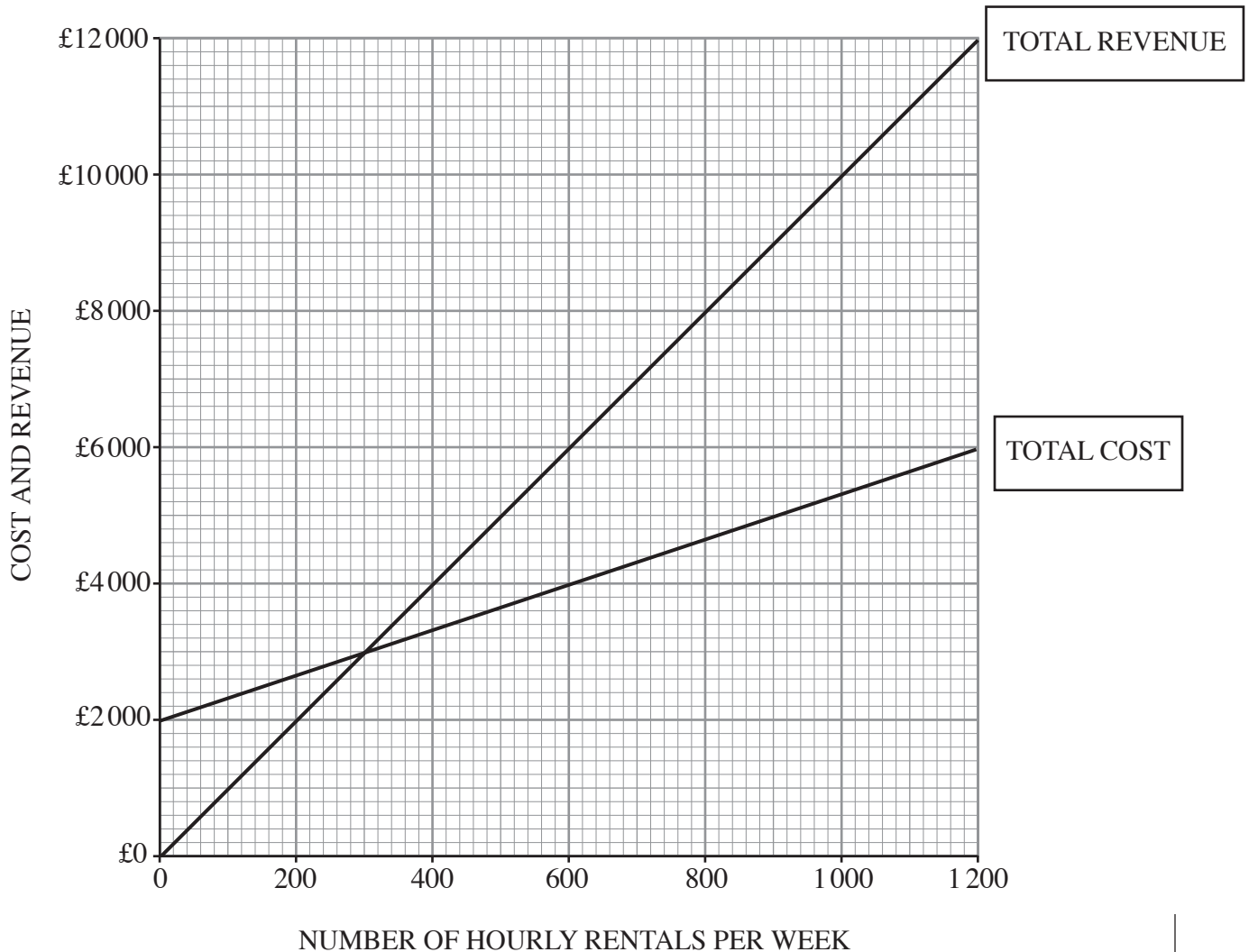
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Disadvantages .....

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Joe has 20 boats and his business is open for 60 hours per week. He charges £10 an hour for the use of his boats.

Below is a break-even chart for each week that Joe operates his business.



(c) Use the graph to identify **each** of the following:

(i) Joe's weekly fixed costs;

[1]

(ii) Joe's total revenue when he breaks-even;

[1]

(iii) Joe's profit if he rents out boats for a total of 600 hours in a week.

[2]



4. Beth John owns and runs a shop called Cambria Grocer in a mid Wales town. The shop sells foods such as fruit and vegetables, cold meats and dairy products. Her customers are local people, living within five miles of the shop, tourists and some customers who are willing to travel over twenty miles to buy her high quality goods.

(a) Suggest and explain **two** aims Beth might have in setting up her shop. [4]

(i) .....

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(ii) .....

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Beth believes that her business operates ethically. She tries to make sure that the majority of the products she sells are either produced locally from organic producers or are Fair Trade goods from developing countries.

(b) Explain why some businesses, such as Beth's, have strong ethical policies. [4]

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5. De La Rue plc is one of the world's largest printers and papermakers. It is involved in the production of over 150 national currencies and a wide range of other documents such as passports and travellers' cheques. The company is also a leading provider of cash handling equipment such as cash dispensers.

**PROFIT AND LOSS ACCOUNT  
DE LA RUE PLC 2007**

	2007 £million	2006 £million
Turnover	687.5	■
Cost of Sales	597.1	543.9
Gross Profit	■	66.9
Expenses	18.6	15.1
Net Profit	71.8	51.8

*Adapted from De La Rue Annual Report and Accounts 2007*

- (a) What is meant by the term turnover as used in profit and loss accounts such as the one above? [2]

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- (b) Complete the shaded areas in the profit and loss account above. [2]

- (c) Calculate the percentage net profit earned by De La Rue in 2007. (Show your workings.) [2]

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