

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



General Certificate of Secondary Education
June 2012

Business Studies

413002

Unit 2 Growing as a Business

Wednesday 30 May 2012 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(d) and 3(d).



J U N 1 2 4 1 3 0 0 2 0 1

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

Total for this question: 19 marks

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

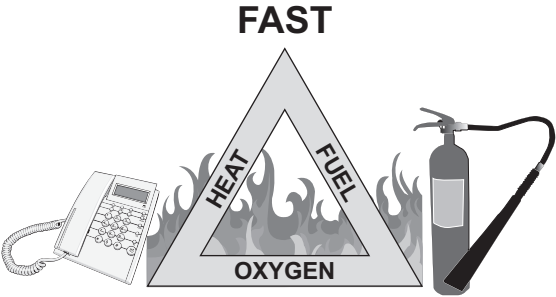
Item A

Fire Aware Safety Training Ltd

Former fire fighter, David Smith, set up *Fire Aware Safety Training Ltd (FAST)* in 2003. David is the main shareholder and manager of the company which employs ten people as trainers.

FAST provides fire safety training to businesses. For a fee, businesses can send their employees to an off the job safety training course at the *FAST* training centre. At the centre, the employees will be trained in how to prevent fires and how to use fire extinguishers correctly. The *FAST* training centre is equipped with the latest fire fighting equipment. *FAST* rarely advertises the training that it offers. It relies instead on its customers coming back for more training and recommending *FAST* to other businesses.

David spoke to a manager of a business that uses *FAST*'s training. The manager felt that the quality of training that her employees recently received was not as good as previous *FAST* courses. She had been told that the courses were boring and the trainees had not learnt enough. David wants to get regular feedback on how well the training courses went so that he can improve them in the future. He is thinking about the different ways in which he might get this information.



FAST

Fire Aware Safety Training

1 (a) What is meant by off the job training?

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(2 marks)



1 (b) Explain why businesses might choose to have their employees trained in fire safety at the *FAST* training centre, rather than train them in-house.

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1 (c) Explain how David might use the feedback from the training to improve *FAST* courses.

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(4 marks)

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1 (d) To help David improve the training courses in the future, he is considering two ways of getting regular feedback:

- getting his trainers to write a report on how each course went
- asking the people on the course to complete a questionnaire, saying what they thought of the course.

Advise David on which method he should use. Give reasons for your advice.

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19

Turn over for the next question

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Total for this question: 19 marks

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

Item B


Promotional Products Ltd

Promotional Products Ltd (PP Ltd) sells items such as key rings, pens, computer mouse mats and memory sticks in large quantities. These items are sold to other UK companies, who give them away as freebies to promote their own businesses. All of PP Ltd's business comes from internet orders.

PP Ltd buys the items in bulk from suppliers based in China. The company uses Chinese suppliers because they are much cheaper than UK businesses. Once PP Ltd has an order, it prints the customer's name, logo or slogan onto the items to personalise them.

PP Ltd has seen a huge rise in the sales of computer memory sticks. However, its customers are buying far fewer computer mouse mats. PP Ltd's managers believe that mouse mats have entered the decline phase of their product life cycle.

Overall, the demand for PP Ltd's products has increased over the past five years. PP Ltd's managers believe that the time is right to open a new factory. The managers would like the business to be based in one location, where the manufacture of the freebie items, the printing on these items and the office work would all take place. The Chinese government is very keen to get UK businesses like PP Ltd to move to China. PP Ltd's managers have been offered rent free offices close to the suppliers.



2 (a) Describe **one** advantage to *PP Ltd* of selling its goods only on the internet.

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(2 marks)

Extra space

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2 (b) Explain why the demand for computer mouse mats bought as promotional freebies might have fallen.

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2 (c) Describe how *PP Ltd* might extend the life cycle of its products such as the computer mouse mats.

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(4 marks)

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Turn over ►



2 (d) The demand for *PP Ltd*'s products has increased and the managers want to open a new factory. It is considering two possible locations in:

- the UK or
- China.

Advise *PP Ltd*'s managers on which is likely to be the best option. Give reasons for your advice.

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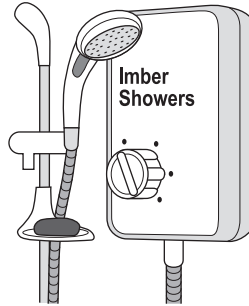
19

Turn over for the next question

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Total for this question: 22 marks

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

Imber Showers Ltd is a UK manufacturer of electric shower units. The shower units are manufactured on a flow production line with as many as 20 people specialising in assembling the many different parts of each shower.

Imber Showers Ltd buys the components used to make the shower units from several UK suppliers. It tries to keep costs down by buying from the cheapest suppliers. This means that *Imber Showers Ltd* often changes its suppliers when it finds another one which is cheaper.

The company is facing increased competition. The managers believe that in order to compete, *Imber Showers Ltd* needs to increase the range of showers available to customers, so that it can target different types of customer. The managers also believe that they could reduce costs further by introducing Just in Time (JIT) stock control.

Figure 1: Extracts from Imber Showers Ltd's Balance Sheet 2011 and 2012

	2012 (£000)	2011 (£000)
Current assets	2 700	3 200
Fixed assets (non-current assets)	10 700	10 300
Current liabilities	3 000	2 500
Long-term liabilities (non-current liabilities)	11 000	12 000

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

The current ratio for 2011 is 1.28.



3 (a) What is meant by the term 'current asset'?

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(2 marks)

Extra space

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3 (b) (i) Using the formula in **Item C**, calculate *Imber Showers Ltd*'s current ratio for **2012**. Show your workings.

Current ratio

Workings

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(2 marks)

3 (b) (ii) *Imber Showers Ltd*'s current ratio has changed between 2011 and 2012. Describe how this change might affect *Imber Showers Ltd*.

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3 (c) Explain **one** advantage and **one** disadvantage for *Imber Showers Ltd* of using flow production.

Advantage

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Extra space

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Disadvantage

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Extra space

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(6 marks)



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22

END OF QUESTIONS



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