

**Business Studies**  
Level 2

8994-02-002  
Sample 00002



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**Candidate's name** (Block letters please)

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**Centre no**

**Date**

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**Time allowed:** 2 hours  
(plus 5 minutes' reading time).

Answer **all** questions. All answers must be written in blue or black ink.

Your answers should be written in the question booklet in the spaces provided.

If additional separate sheets of paper are used, make sure each page is clearly labelled with your name.

Calculators and English and mother tongue dictionaries can be used.

**For examiner's use only**

<b>Section A</b>	<b>Section B</b>			<b>Total</b>
30	Q1 - 15	Q2 - 15	Q3 - 10	70

**Section A**

Answer **all** questions in this section – 30 marks

- 1 In addition to increasing output, list **three** advantages a large manufacturing company gains by using specialisation.

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(3 marks)

- 2 State **three** reasons why a country that is capable of producing all of its needs would choose to import some goods from another country.

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(3 marks)

- 3 The main aim of Capital Computers Ltd is to make a profit. Using an example, explain one other business objective that could help them to achieve their aim.

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(2 marks)

- 4 Multinational companies are increasing every year. Describe **three** reasons why companies become multinational organisations.

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(3 marks)

- 5 a) Briefly explain what is meant by ‘turnover’.

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(2 marks)

- b) State another term that is used to describe ‘turnover’.

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(1 mark)

6 Describe **two** reasons why it is essential that the production department and the sales department of a business keep in regular contact with each other.

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(2 marks)

7 List **three** of the functions for which the Finance department of a large company is responsible.

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(3 marks)

8 To help plan its business, Stover Systems Ltd are introducing a departmental budget system. Explain **two** advantages of using departmental budgets to plan for the future.

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(3 marks)

9 Herzberg identified 'hygiene' factors as being important to workers. List **three** examples of 'hygiene' factors in the work place.

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(3 marks)

10 Identify **two** benefits to employers if employees are well motivated.

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(2 marks)

11 List **two** environmental factors that must be considered when a company relocates its business.

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(2 marks)

12 State **one** example of the impact of technology on production.

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(1 mark)

(Total 30 marks)

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**Section B**

Answer **all** questions in this section – 40 marks

- 1 Study the balance sheet for Ahmed Patel's electrical services business and answer the following questions:

<b>Balance sheet – Ahmed Patel</b>			
	£	£	£
<b>Fixed Assets</b>			
At cost	17,600		
<b>Less</b> depreciation		1,600	16,000
<b>Current Assets</b>			
Stock	14,400		
Cash at bank	5,600		
Cash in hand	2,400		
		22,400	
Less Current Liabilities		4,800	
Net working capital			i) _____
<b>Net Assets</b>			<u>33,600</u>
Represented by			
Capital at 1 January			32,000
Add Net profits for the year			<u>20,800</u>
			52,800
Less Drawings			<u>19,200</u>
<b>Capital Employed</b>			ii) _____

- a) Calculate and enter on the balance sheet the
- i) value of the net working capital (1 mark)
  - ii) capital employed (1 mark)
- b) Explain the meaning of the following terms:
- i) net working capital
- .....
- .....
- (2 marks)

ii) capital employed

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(2 marks)

c) Although Mr Patel's long-term aim is for his business to grow and expand, he realises that there are factors that could prevent this.

i) Identify and explain **three** factors that may limit the growth of his business.

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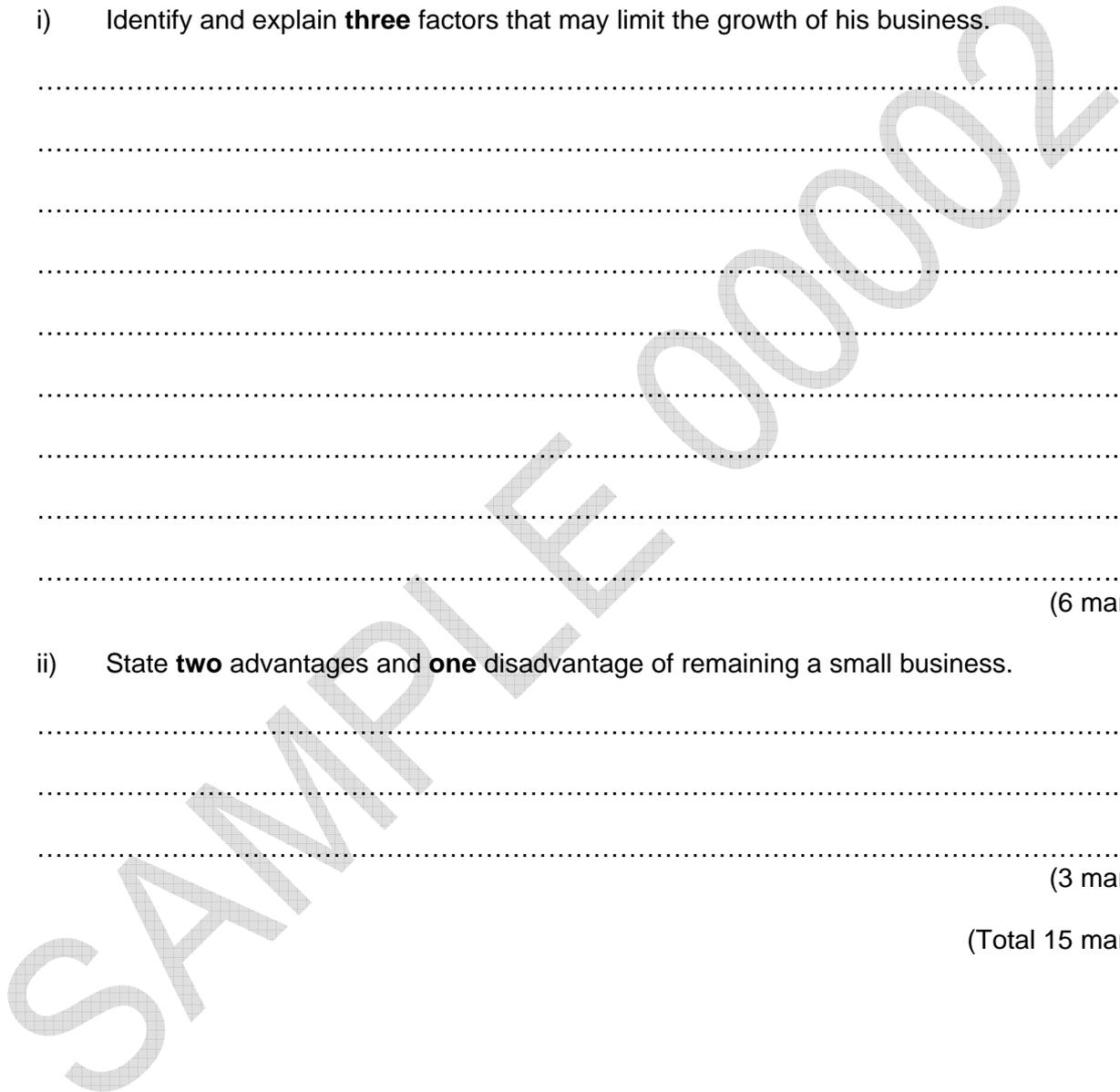
(6 marks)

ii) State **two** advantages and **one** disadvantage of remaining a small business.

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(3 marks)

(Total 15 marks)



2 a) You work in the marketing department of Better Foods Ltd. Based on the results of market research, Better Foods have identified a market for a luxury brand of breakfast cereal.

i) Describe and explain **two** pricing policies that Better Foods Ltd could use when they introduce their new breakfast cereal.

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(4 marks)

ii) In order to persuade customers to buy the new breakfast cereal, recommend and briefly explain **two** methods of sales promotion techniques that Better Foods Ltd could use.

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(4 marks)

iii) Briefly explain an appropriate method of advertising the new breakfast cereal.

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(2 marks)

b) The manager of the marketing department of Better Foods Ltd considers that e-commerce should be a part of the company's marketing activities.

i) Identify and describe how the company could make use of 'e-commerce' in its marketing activities.

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(2 marks)

ii) State **three** advantages to Better Foods Ltd of using e-commerce.

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(3 marks)

(Total 15 marks)

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3 You are employed in the Human Resources department of Grange Oak and Pine Furniture Ltd, manufacturers of high quality garden furniture. The Production Manager has asked you to advertise for an assistant to replace Sam Holloway who is leaving at the end of the month, and to prepare an induction programme for his replacement.

a) Identify and explain the **two** documents that need to be drawn up before advertising the vacancy.

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(6 marks)

b) Describe the **main** purpose of induction training and name **two** benefits to new employees.

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(4 marks)

(Total 10 marks)

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**End of examination**