



General Certificate of Secondary Education

Centre Number

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Candidate Number

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Business Studies

Unit 2

Developing a Business



[GBU21]

GBU21

Assessment

TIME

1 hour 30 minutes.

Assessment Level of Control:

Tick the relevant box (✓)

Controlled Conditions	
Other	

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number in the spaces provided at the top of this page.

You must answer the questions in the spaces provided.

Do not write outside the boxed area on each page or on blank pages.

Complete in black ink only. **Do not write with a gel pen.**

Answer **all three** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 90.

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

Quality of written communication will be assessed in Questions **1(e)** and **2(e)**.



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20GBU2102



Answer **all** questions

1

Peter owns and runs a bakery known as The Quality Bakery. He sells his products in his own shop and also delivers to other shops in the area. He employs ten staff.

(a) Each employee in The Quality Bakery has a Contract of Employment. Explain **two** purposes of a Contract of Employment.

1. _____

2. _____

[4]



(b) Peter needs to employ a manager for The Quality Bakery and has decided to use the external method of recruitment. Discuss **two** advantages and **one** disadvantage of external recruitment for The Quality Bakery when recruiting a manager.

Advantage _____

Advantage _____

Disadvantage _____

_____ [6]



The applicants for the post of manager will be invited to an interview.

(c) (i) Describe an interview as a method of selection.

[2]

(ii) Discuss **one** advantage and **one** disadvantage of this method of selection for The Quality Bakery.

Advantage _____

Disadvantage _____

[4]

[Turn over



(d) Analyse **three** advantages of staff appraisal for the employer in The Quality Bakery.

1. _____

2. _____

3. _____

[6]



(e) Analyse **four** factors which would affect job satisfaction in The Quality Bakery.

1. _____

2. _____

3. _____

4. _____

[8]

[Turn over



2

The Quality Bakery is operating very successfully and Peter has decided to grow his business.

(a) Identify **four** signs of success which you would expect to find in The Quality Bakery.

1. _____
2. _____
3. _____
4. _____ [4]



(b) Analyse **three** advantages of growth for The Quality Bakery.

1. _____

2. _____

3. _____

[6]

[Turn over



(c) Analyse **three** disadvantages of growth for The Quality Bakery.

1. _____

2. _____

3. _____

[6]



(d) Analyse **three** ethical implications which growth might have for The Quality Bakery.

1. _____

2. _____

3. _____

_____ [6]

[Turn over



(e) Evaluate the following types of internal/organic growth. Decide which type is most suitable for The Quality Bakery.

Reinvestment _____

Expansion of product range _____

Increased sales activity _____

Conclusion _____

[8]





3 (a) Explain **two** purposes of a Cash Flow Forecast for The Quality Bakery.

1. _____

2. _____

[4]



Peter's accountant produced the following
Cash Flow Forecast for the three months from July to September 2020
for The Quality Bakery. Some amounts are missing.

**CASH FLOW FORECAST FOR THE QUALITY BAKERY
FROM JULY TO SEPTEMBER 2020**

	JULY	AUGUST	SEPTEMBER
RECEIPTS	£	£	£
Opening Balance	46000	53006	
Sales		32956	30376
Total Receipts	74670		74938
PAYMENTS			
Rates	600	600	600
Advertising	750	1400	0
Insurance	200	200	200
Purchases		19550	9375
Telephone	630	0	0
Cleaning	250	250	250
Wages	3000	3000	3000
New Machinery	0	16400	0
Total Payments	21664	41400	
Closing Balance	53006		61513



(d) Analyse **two** consequences for The Quality Bakery if the Cash Flow Forecast is prepared incorrectly.

1. _____

2. _____

[4]



The following information is taken from the accounts of The Quality Bakery:
Total fixed costs are £6000 per month
Variable costs are £2 per cake
Each cake sells at £5

(e) Calculate the Break-even Point per month for cakes in The Quality Bakery.

Break-even =	$\frac{\text{Total fixed costs}}{\text{Selling price per cake} - \text{Variable cost per cake}}$
Break-even =	
Break-even =	

[2]



(f) Explain **two** reasons why it is important for Peter to know the Break-even Point in The Quality Bakery.

1. _____

2. _____

[4]



(g) On average The Quality Bakery sells 3000 cakes per month.

(i) Using this information and the information on the Break-even Point, calculate the Margin of Safety in The Quality Bakery.

[2]

(ii) Explain the meaning of Margin of Safety and its significance for The Quality Bakery.

[4]

THIS IS THE END OF THE QUESTION PAPER



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For Examiner's use only	
Question Number	Marks
1	
2	
3	

Total Marks	
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Examiner Number

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