

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										

For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
4	
TOTAL	



General Certificate of Secondary Education  
Specimen Paper

# Business Subjects and Economics

**4130/02**

## Unit 2 Growing as a Business

### Written Paper

**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 space provided.  
Answers written in margins or on blank pages will not be marked.
- 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. All questions should be answered in continuous prose. Quality of Written Communication will be assessed in questions 2 (c), 3 (b) and 4 (d).



**4130/02**

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

**Total for this question: 14 marks**

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

**Item A**

*Smith's Ltd* is a small chain of supermarkets. They specialise in selling food products that come from organic farms. The directors have been pleased with the growth of the company and are thinking about expanding. This will mean opening new stores and recruiting new staff. The new staff will need to be trained using 'on-the-job training'.

It is important to the business that they use different ways of motivating their workforce. Their rates of pay are quite good, compared with other supermarkets, but the directors also like to use other ways of providing job satisfaction for all employees.

**1 (a)** What is meant by 'on-the-job training'?

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(2 marks)

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**1** (b) Explain **two** benefits of training new employees to *Smith's Ltd*.

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**1 (c) (i)** Identify **two** possible methods of motivating staff at *Smith's Ltd.*

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**1 (c) (ii)** Explain which **one** of these methods would be the best for *Smith's Ltd.*  
Give reasons for your answer.

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**Total for this question: 19 marks**

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

**Item B**

*Smith's Ltd* is competing against some very big supermarket chains which sell a wide variety of products, not only organic food. The Marketing Director is concerned that the larger supermarkets have a much wider product range and can charge lower prices.

If *Smith's Ltd* does expand, it will need to adopt a marketing plan to be able to compete with the biggest supermarkets. *Smith's Ltd* will also need to attract new customers, especially in those parts of the country where they are not yet established.

**2** (a) Explain **two** ways in which a larger supermarket could use its size to gain an advantage over its smaller competitors.

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2 (b) Explain **two** ways in which *Smith's Ltd* could extend its product portfolio.

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**Total for this question: 11 marks**

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

**Item C**

At a board meeting, the directors decide on a number of business objectives to help them to reach their targets. One of the directors suggests that *Smith's Ltd* should be converted into a public limited company (plc). This may help with the expansion plans, although some directors are worried about the drawbacks if they become a plc.

**3** (a) Give a suitable example of a business objective for *Smith's Ltd*.

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(*Extra space*) ..... (2 marks)

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**Total for this question: 16 marks**

**4** Read **Item D** and then answer the questions that follow.

**Item D**

The directors want to know how the company is doing. The Finance Director presents information using data from the company accounts.

**Extract of financial data for *Smith's Ltd***

	<b>2007</b>	<b>2006</b>
Sales revenue	£230m	£200m
Gross profit	£160m	£120m
Net profit	£16m	£18m

**4 (a)** Using the data provided in **Item D**, calculate the increase in sales revenue between 2006 and 2007 for *Smith's Ltd*.

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**4 (b)** Calculate the percentage change in the sales revenue.

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(2 mark)

(Extra space) .....

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- 4 (c) Using **Item D**, calculate the net profit margin for *Smith's Ltd* for 2006. Show your workings.

The formula is: 
$$\text{net profit margin} = \frac{\text{net profit}}{\text{sales revenue}} \times 100\%$$

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