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| Surname | Centre Number | Candidate Number |
| Other Names | | 0 |



GCSE – NEW

C510U10-1



BUSINESS – Component 1
Business Dynamics

FRIDAY, 24 MAY 2019 – MORNING

2 hours

| For Examiner's use only | | |
|-------------------------|--------------|--------------|
| Question | Maximum Mark | Mark Awarded |
| 1. | 2 | |
| 2. | 1 | |
| 3. | 6 | |
| 4. | 7 | |
| 5. | 4 | |
| 6. | 20 | |
| 7. | 20 | |
| 8. | 20 | |
| 9. | 20 | |
| Total | 100 | |

ADDITIONAL MATERIALS

A calculator.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen.

Do not use pencil or gel pen. Do not use correction fluid.

Answer **ALL** questions.

Write your name, centre number and candidate number in the spaces at the top of this page.

Write your answers in the spaces provided in this booklet.

If you run out of space, use the additional page(s) at the back of the booklet, taking care to number the question(s) correctly.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question. You are advised to divide your time accordingly.

The total number of marks available is 100.

You are reminded of the need for good English and orderly, clear presentation in your answers.



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Answer all the questions in the spaces provided.

1. Products can be durable or non-durable. Which **two** of the following are non-durable? [2]

Tick two boxes only.

| | | | |
|-----------|---|-----------|---|
| Ice cream | 1 | Tyres | 2 |
| Hairspray | 3 | A handbag | 4 |

2. Identify which **one** of the following is a feature of fairtrade. [1]

Tick one box only.

| | |
|---|---|
| Multinationals trade freely with countries without trade barriers. | 1 |
| To improve living standards for poor farmers in developing countries. | 2 |
| Offers consumers a lower price for certain products they buy. | 3 |

3. Coffee.Co is a global coffee brand with coffee shops all over the world. Coffee.Co aims to operate in a sustainable manner.

(a) With direct reference to Coffee.Co, state **two** ways the business could act in an environmentally sustainable manner. [2]

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(b) Explain **one** advantage and **one** disadvantage that global companies such as Coffee.Co may experience when trading throughout the world. [4]

Advantage

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Disadvantage

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C510U101
03



4. Julia is a fashion designer and entrepreneur. After being made redundant in 1995, Julia invested her own money to start up her own luxury leather goods business called Huckleberry. Huckleberry manufactures high-quality leather goods.

(a) Identify **two** characteristics of being an entrepreneur. [2]

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(b) Suggest **one** non-financial motive why someone would want to start their own business. [1]

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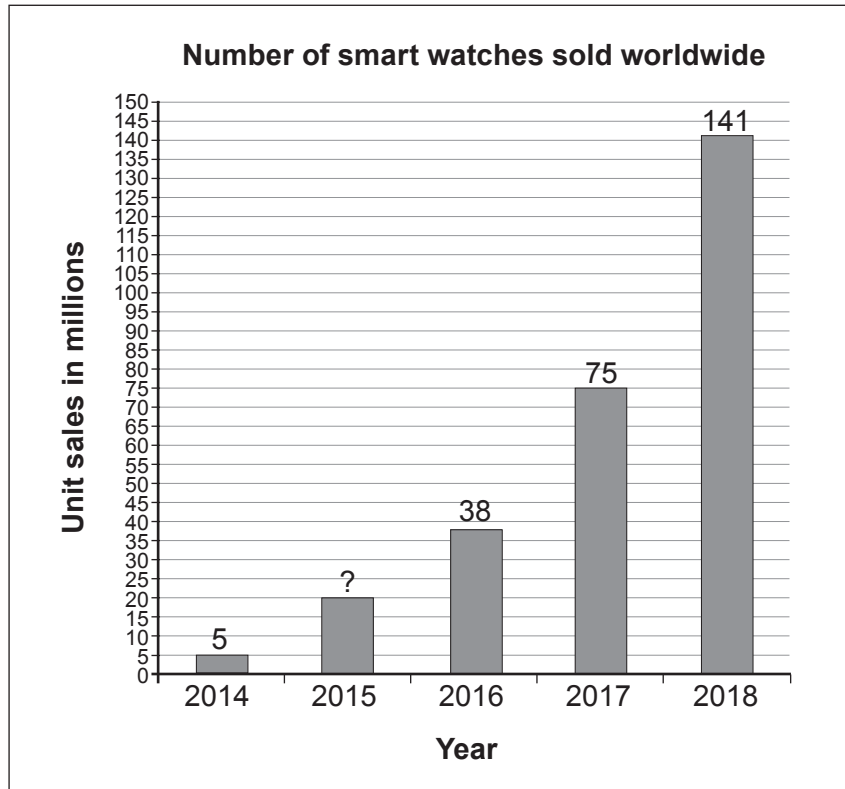
(c) Explain **two** ways that businesses such as Huckleberry ensure that they produce high-quality goods. [4]

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5. Smart watches are wearable devices with a touchscreen which allow users to track fitness, send messages, make calls and even make payments when out shopping. Apple is the market leader of smart watches.

Figure 1



- (a) With reference to the data in **Figure 1**, state the number of units of smart watches sold in 2015. [1]

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- (b) In 2017 Apple sold 18 million smart watches. Calculate what percentage share of smart watch sales Apple had in 2017 (show your workings). [2]

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- (c) Using the data in **Figure 1** identify the stage of the product life cycle for smart watches between 2015 and 2018. [1]

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6. Even with many budget cuts and job losses in councils in the UK, a vacancy has become available at a library based in Hull City Council. The library manager is hoping to recruit internally (within the council) and has sent an email with the following advert to all council employees.

WANTED

Full-time female librarian

37 hours per week, including Saturdays, with the opportunity for overtime.

An exciting opportunity for a Hull City Council staff member. No library experience needed. Candidates must have a minimum of 5 GCSEs grade 9 to 4 or equivalent, including English and Maths. Ability to use council computer systems is essential.

Please email your CV to Mrs M Clay, the library manager to mclay@library.gov.uk

- (a) Identify the application method that is asked for in the job advert. [1]

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Hull City Council has also produced a job description and person specification for the job vacancy.

- (b) What is a person specification? [1]

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- (c) Explain how the advert has broken an employment law. [3]

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- (d) Identify the financial method of motivation being offered in the advert. [1]

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The council is planning to install a new computer system in the library next month.

- (e) Assess **two** suitable types of training the library manager may arrange to ensure staff can use the computer system. [6]

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The library manager decided to recruit internally from council staff within the organisation.

- (f) Evaluate the library manager’s decision to recruit internally. [8]

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7. Fry's is a fish and chip shop business with five shops located across Devon. It is owned by brothers Mark and Clive Fry as a partnership. They aim to further expand the business and open a large fish and chip shop in a new location. The cost of opening the new fish and chip shop is estimated to be £400 000. The brothers have also, very recently, bought expensive new homes.

The table below shows financial data for 2013 to 2018.

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------------|---------|---------|-----------|-----------|-----------|-----------|
| Sales Revenue (£) | 900 000 | 950 000 | 1 000 000 | 1 100 000 | 1 400 000 | 1 600 000 |
| Gross Profit (£) | 318 000 | 380 000 | 480 000 | 510 000 | 560 000 | 650 000 |
| Net Profit (£) | 110 000 | 172 000 | 200 000 | 220 000 | 225 000 | 340 000 |
| Gross Profit Margin (GPM) | 35% | 40% | 48% | 46% | ? | 40% |
| Net Profit Margin (NPM) | 12% | 18% | 20% | 20% | 16% | 21% |

- (a) (i) State the formula for calculating gross profit margin (GPM). [1]

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- (ii) Using the formula calculate the GPM for 2017. [1]

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- (b) Explain how Fry's could be affected by the following external factors:

- (i) A competing fish and chip shop opens in the local area. [3]

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(ii) A fall in unemployment.

[3]

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Mark and Clive Fry have a deed of partnership.

(c) Identify **two** pieces of information that should be included in a deed of partnership.

[2]

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The brothers are considering becoming a private limited company.

(d) Using qualitative and quantitative data on Fry's, advise the brothers on whether they should become a private limited company or remain as a partnership.

[10]

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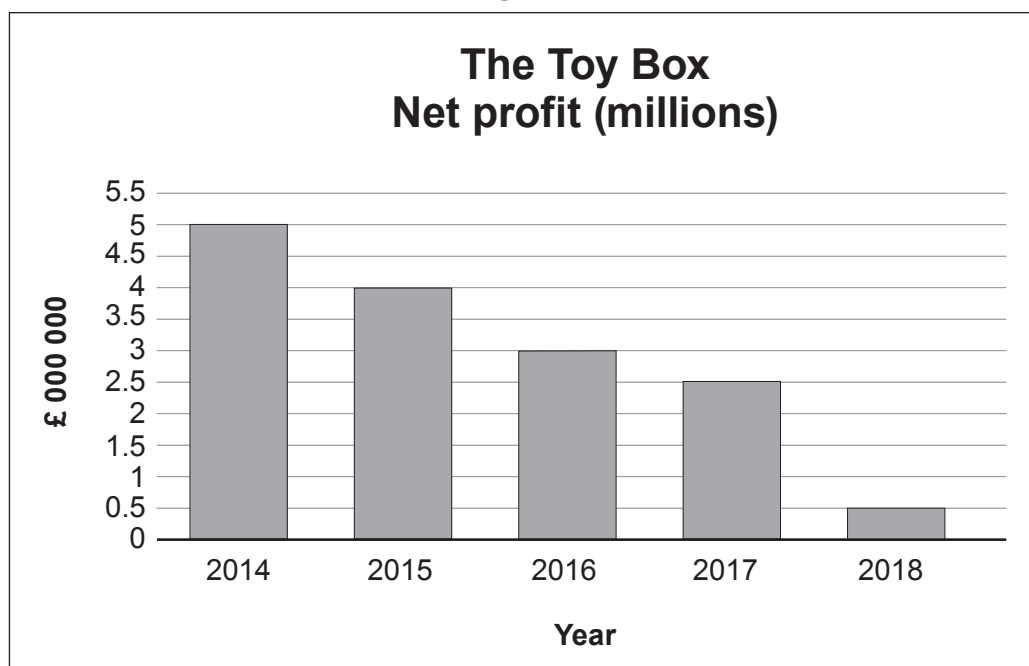
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8. The Toy Box is a British owned toy manufacturer and retailer.

The Toy Box prides itself on being a traditional maker and seller of toys and does not sell online. Stores are located in town centres which have become less popular with customers over the last 10 years in the UK, as people prefer to go to out of town retail parks. Year-on-year its profits have fallen in the UK (**Figure 2**).

Figure 2



Over the past few years The Toy Box have closed a number of stores as shown in the table below.

| Year | Number of stores open |
|------|-----------------------|
| 2014 | 210 |
| 2015 | 225 |
| 2016 | 190 |
| 2017 | 130 |
| 2018 | 75 |

The Toy Box makes sure all staff are trained in the sales process.

- (a) Identify **two** stages of the sales process.

[2]

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- (b) (i) Calculate the percentage fall in net profit from 2014 to 2018.
(Show your workings). [2]

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- (ii) Calculate the average net profit between 2014 and 2018.
(Show your workings). [2]

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- (c) With direct reference to The Toy Box, describe **three** suitable methods of sales promotion
that The Toy Box could use to attract customers. [6]

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The Toy Box is exploring the possibility of creating its own website to sell its products online.

(d) Discuss the advantages and disadvantages to The Toy Box of selling online. [8]

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9. Prints.com PLC is an e-commerce printing business operating from Glasgow. It provides many types of printing services to businesses and the public across the UK. This includes printing customised greetings cards, invitations and posters. The business is successful although its competitors can often make cheaper products.

The managers are thinking of buying a new printing machine, which will mean more cost effective and faster printing. Before deciding to buy the new printing machine they want to assess the financial data to see if it is worth the £500 000 initial investment.

The table below shows the expected returns of its investment.

| Year | Annual return |
|------|---------------|
| 1 | £100 000 |
| 2 | £150 000 |
| 3 | £200 000 |
| 4 | £150 000 |
| 5 | £100 000 |

- (a) Select which of the following best defines average rate of return (ARR). [1]

Tick one box only.

| | |
|---|---|
| The movement of cash in and out of a business | 1 |
| A calculation of tax paid on profit | 2 |
| A measurement of a business investment | 3 |



(b) (i) State the formula for calculating average rate of return (ARR). [1]

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(ii) Using the formula calculate the average rate of return for the printing machine. (Show your workings). [2]

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The managers are considering a range of different sources of finance to fund the purchasing of the printing machine.

(c) Describe **two** suitable methods of finance and explain why each method is suitable. [6]

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Prints.com PLC has decided to go ahead with the purchase of the printing machine.

(d) Using qualitative and quantitative data on Prints.com PLC, assess the impact of investing in the new machine.

Your analysis should include reference to human resources and production. [10]

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