

Section A

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


For the multiple-choice questions, completely fill in the circle alongside the appropriate answer(s).


CORRECT METHOD



WRONG METHODS



If you want to change your answer you must cross out your original answer as shown. 

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown. 

0 1 . **1** Which of the following is a stage in the recruitment of an employee?

[1 mark]

- A Apprenticeship
- B Job rotation
- C Shortlist
- D Training

0 1 . **2** Which of the following best describes a span of control?

[1 mark]

- A The number of employees a manager looks after directly
- B The number of employees without a manager
- C The number of levels of authority in a management structure
- D The total number of managers in a business

0 1 . 3 Which of the following is **most likely** to be an objective of shareholders?

[1 mark]

- A Having a decrease in share price
- B Having an increase in the cash outflows of the business
- C Increasing the dividends
- D Increasing the risks facing the business

0 1 . 4 Which of the following is an important activity of a procurement department?

[1 mark]

- A Developing an advertising campaign
- B Finding new suppliers
- C Researching new products
- D Sending out finished goods

0 1 . 5 Which of the following means employees are only employed at times when the business needs them?

[1 mark]

- A Full-time working
- B Job sharing
- C Low-skilled work
- D Zero-hour contracts

0 1 . **6** Which of the following is likely to be an effect on businesses if there is high unemployment in the economy?

[1 mark]

- A Demand for products rise
- B Profits go down
- C There are fewer people available to work
- D Wages go up

0 1 . **7** State **two** factors that could affect where a business chooses to locate.

[2 marks]

0 1 . **8** A business uses commission to motivate its sales team. Once the sales target of £40 000 per month is reached, the sales person will receive 4% of any extra sales.

If one member of the team sells £45 000 of goods, how much commission will she receive?

[2 marks]

Answer £ _____

0 1 . 9 State **two** reasons a business might create a business plan.

[2 marks]

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0 1 . 10 Identify **two** benefits of training employees.

[2 marks]

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0 1 . 11 Explain **one** way in which the pound strengthening against the US dollar might affect a UK business.

[2 marks]

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0 1 . 12

A business that has customers throughout the UK currently makes all major decisions from its head office.

Explain **two** possible benefits to the business of decentralising its operations.

[4 marks]

Benefit 1

Benefit 2

Section B

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

0 2**Item A – Greengrass Mowers**

Greengrass Mowers plc employs 480 employees many of whom are foreign nationals from the European Union (EU). These foreign nationals are willing to work in the UK for the minimum wage.

In the past the business used groups of three employees working together to make 20 lawnmowers at a time. Two years ago, the business changed to flow production with individual employees working on one small part of the manufacturing process. In order to keep costs low, many of the employees are now employed on zero-hour contracts.

Greengrass used to source the parts required to make its lawnmowers from other UK businesses. It increasingly buys these parts from Chinese manufacturers, which are much cheaper. The quality of these parts is not always as good, however, and it can take several weeks between ordering the parts and receiving them.

0 2 . **1**

Explain **one** benefit to a business of being a public limited company (plc) rather than a private limited company (ltd).

[2 marks]

0 2 . 2

Greengrass Mowers employs 480 people. When they worked in groups of three each group had to produce 20 lawnmowers in a shift.

Calculate the total number of lawnmowers made in a shift. Show your workings.

[3 marks]

Answer

Turn over for next question

Turn over ▶

Item B – Greengrass Mowers

Greengrass Mowers prides itself on the quality of its products and its high standard of customer service. The company aims to ensure that very few lawnmowers are returned as faulty after they are sold. The lawnmowers are designed to give customers at least 20 years of use. Other lawnmower manufacturers work on having a maximum 10 year working life.

The high quality of the product makes it more expensive to manufacture. To help reduce costs, Greengrass Mowers managers are thinking of introducing Just In Time (JIT) stock control. The business receives parts for the lawnmowers from about 40 suppliers, including some in China.

Interest rates in the UK have been at a low level for many years. Greengrass Mowers' managers believe that it is likely interest rates will start to rise before long. The managers realise that if interest rates do go up this will affect the business. Higher interest rates will make it more expensive for Greengrass Mowers to pay for its overdraft and any loans it takes out to invest in the company.

0 2 . **4** Explain **one** disadvantage to a business of using flow production.

[2 marks]

0 2 . **5** Using **Item B**, analyse why introducing Just in Time (JIT) may cause difficulties for Greengrass Mowers.

[6 marks]

Extra Space

Section C

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

0 3

Item C – Jooma Ltd

Jooma is a Japanese inspired restaurant that targets people aged in their 20s and 30s. Prices are higher than other restaurant chains, but appeal to those with high disposable incomes. A visit to Jooma is a fun experience. People who go to these restaurants are called “guests” rather than customers and tend to be adventurous in the type of food they eat.

There are more than 200 Jooma restaurants in the UK and others in more than 18 countries throughout the world. The company has used franchising for 15 years.

Employees (crew members) are encouraged to “be you ... be Jooma”. There are no strict rules on appearance: tattoos do not have to be covered up and piercings and extreme hairstyles are allowed. Crew members are offered fringe benefits. They are given free food during their shifts and they receive discounts off food they eat when not working. The company provides free modern stylish uniforms. If a new manager is needed, Jooma recruits internally for a replacement.

Jooma makes full use of technology in the running its restaurants. Handheld PDAs (personal digital assistants) send food orders straight to the kitchens and mobile and contactless payments are encouraged. There is online ordering of takeaway and delivery food. Free wi-fi and USB charging points are available for customers.

0 3

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Explain why a business might give fringe benefits to its employees.

[2 marks]

0 3 . **2** Explain **one** reason why Jooma recruits its managers internally rather than externally.

[4 marks]

0 3 . **3** Explain **one** benefit to Jooma of using up-to-date technology in its restaurants.

[4 marks]

Item D – Jooma Ltd

Information from Jooma's Income Statement			
Year	2017/8	2016/7	Percentage change from 2016/17 to 2017/18
Revenue	£257.8 million	£223.7 million	15.24%
Profit	£35.7 million	£28.5 million	

0 3 . **4** Calculate the percentage change in Jooma's profits between 2016/17 and 2017/18.

Show your workings and give the answer to **two** decimal places.

[3 marks]

Answer _____ %

