



**Answer ALL questions.**

1. Sources of capital for business organisations can be divided into short-term capital or long-term capital.

(a) (i) Complete the table below by placing a cross (☒) against each source of capital to show if it is short-term or long-term capital. If you change your mind, put a line through the box (☒) and then indicate your new answer with a cross (☒).

	<b>Short-term</b>	<b>Long-term</b>
Overdraft	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reinvestment of profits	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Share issue	<input type="checkbox"/>	<input checked="" type="checkbox"/>
		<b>(3)</b>

(ii) State whether each source of capital below is either internal or external.

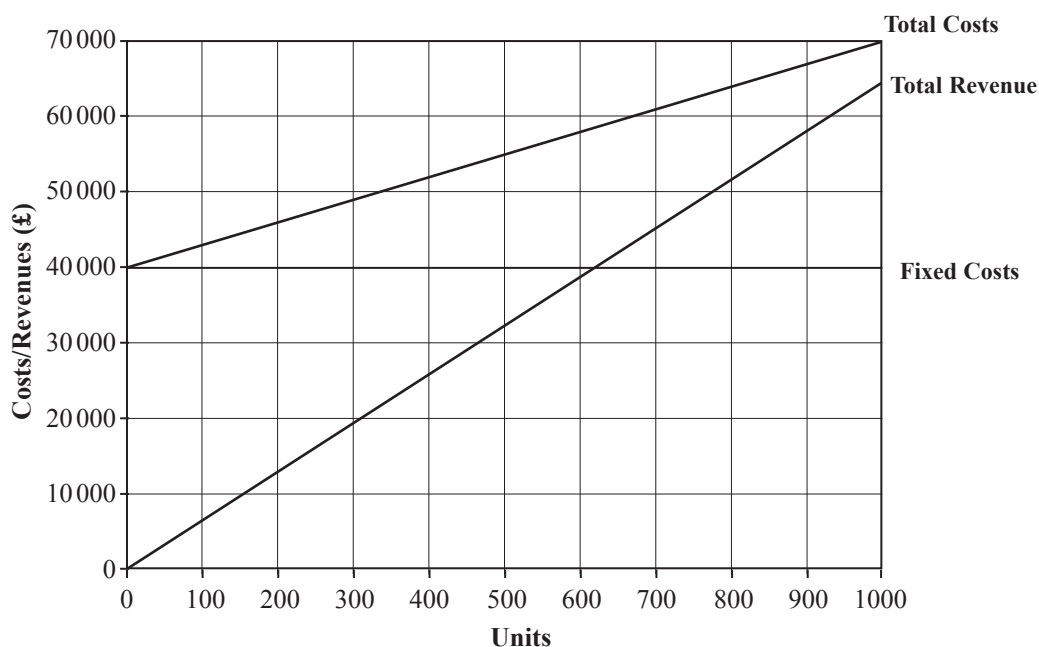
Overdraft .....

Reinvestment of profits .....

**(2)**



Below is a break-even chart for a new DVD player that a business plans to start selling in two months. The break-even chart shows that there is a problem with the business plan.



(b) Using only the information in the break-even chart, explain how the business could solve the problem.

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(5)



A well established business that runs three luxury hotels – in Dubai, London and Singapore – is planning to open a fourth hotel in New York. It has decided to undertake primary research to identify if there is a customer need.

(c) Analyse why primary research is the most suitable form of market research for this business running luxury hotels.

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**(5)**



Javinder began his business in January 2008. He sells a range of designer jeans from a shop in a shopping centre. The finance for his business came from his own savings and a bank loan. He trades as a sole trader.

(d) Assess Javinder's decision to be a sole trader as far as control of his business is concerned.

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(5)

Q1

(Total 20 marks)

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2. Training needs can be met by:

- induction training
- on-the-job training
- off-the-job training

(a) Against each training need below, indicate with a cross (☒) the most likely type of training that a business would use. If you change your mind, put a line through the box (☒) and then indicate your new answer with a cross (☒).

Training need	Induction training	Off-the-job training	On-the-job training
A new employee needs to know about the history of the company.	☒	☒	☒
An employee has to be trained on a new machine that will be delivered in eight weeks.	☒	☒	☒
An employee needs to learn how to operate an existing machine in the company.	☒	☒	☒
An employee, in his second week, needs to know about the health and safety policies of the business.	☒	☒	☒
An employee needs to gain a higher qualification and his employer will pay for the training outside work hours.	☒	☒	☒

(5)



A business decides to:

- invest capital to set up a website on the internet to sell its products
- no longer print and send out brochures to its customers
- close down its present telephone system for processing customer orders.

(b) How could these decisions reduce costs for this business?

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**(5)**

Total Quality Management (TQM) aims to build an ethos of quality that has an impact on all aspects of a business.

(c) Analyse the impact of TQM on customer service.

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**(5)**



Just In Time (JIT) is a system of manufacturing that is designed to reduce the cost of holding stock. Many international car manufacturers use JIT when ordering car parts from their suppliers.

(d) Assess the use of JIT by international car manufacturers.

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(5)

Q2

(Total 20 marks)

**TOTAL FOR PAPER: 40 MARKS**

**END**

