

Answer ALL the questions.

1. (a) Against each product below, indicate with a cross (☒) the most likely method of production. If you change your mind, put a line through the box (☒) and then indicate your new answer with a cross (☒).

Product	Batch Production	Flow Production	Job Production
Made-to-measure suit	☒	☒	☒
Mass-produced car	☒	☒	☒
Bread	☒	☒	☒
Pair of socks	☒	☒	☒
Bridge	☒	☒	☒

(5)

The job advertisement below is to be placed in a newspaper.

WANTED – NOW !!!!

A male chef
 Must be under 35 years old
 Must have been born in England
 A permanent post
 Will replace last chef who is now on maternity leave

Larry’s Restaurant
 Edgware Road
 London
 email: larry@larrysrestaurant.co.uk



(b) Why should a United Kingdom newspaper refuse to accept this advertisement?

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(5)

In the last 10 years an increasing number of businesses, such as Dell Computers, have been using e-commerce where products are sold to customers through a website.

(c) Analyse the benefits that the use of e-commerce will bring to such businesses.

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A small business (that has a good relationship with its bank) needs to purchase a new piece of machinery that will cost £50 000. The business will take out a bank loan, repayable over 5 years.

(d) Suggest why taking out a bank loan is the best decision in this case.

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Q1

(Total 20 marks)

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2. (a) (i) Define the term primary research.

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(3)

(ii) State **two** methods of **secondary** research.

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(2)

Question 2(b) is on the next page



Extract from a Balance Sheet at 31 December 2009

	£000	£000	£000
FIXED ASSETS			
Premises			400
Machinery			120
Vehicles			<u>80</u>
			600
CURRENT ASSETS			
Closing stock		120	
Debtors		200	
Cash at bank		<u>40</u>	
		360	
CURRENT LIABILITIES			
Creditors	120		
Dividend	40		
Corporation tax to be paid	<u>80</u>	<u>?</u>	
NET CURRENT ASSETS			<u>120</u>
NET ASSETS			720

The current ratio is a liquidity ratio.

- (b) (i) Calculate the current ratio, which is given by the formula current assets to current liabilities.

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- (ii) Using your calculation, explain the liquidity of this business.

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(3)



A small business, with 15 employees, produces specialist software to order. It only employs people with a degree in Information Technology. When a new employee joins, any training they need is provided on-the-job.

(c) Discuss why the training for these new employees is on-the-job.

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Most businesses will have the objective of survival.

(d) Evaluate why survival is a common business objective.

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Q2

(Total 20 marks)

TOTAL FOR PAPER: 40 MARKS

END

