

Read this page, then answer the questions which follow.

Context

Bojup Construction Ltd, known as *BC*, builds houses and flats (apartments) for people to live in. It sells these houses and flats to the public. *BC* faces a lot of competition from other builders.

BC's offices are located in the south of England. Most of its work is in this area, and most of its sales are to people living locally. *BC* employs local workers, some of whom construct the houses and flats, such as

- bricklayers, who build the outside walls of the houses and flats
- carpenters, who work on the wooden parts of the houses and flats
- plumbers, who make sure water is connected correctly
- electricians, who make sure the electrical systems are safe.

These are skilled specialist workers, who use a lot of specialist building equipment.

BC is now building a small block of flats.



Answer ALL questions.

Indicate your answer by marking the box (☒). If you change your mind, put a line through the box (☒) and then indicate your new answer with a cross (☒).

1. (a) (i) *BC* wants to increase its market share. This is an example of

- A an advertisement
- B a budget
- C an objective
- D a ratio

(ii) *BC* uses capital and labour. These are examples of

- A economies of scale
- B factors of production
- C sectors in the economy
- D types of recruitment

(iii) The work of *BC* is influenced by legislation, which is passed by

- A governments
- B managers
- C producers
- D trade unions

(iv) Having a skilled local workforce helped *BC* when deciding where to

- A arrange its loans
- B buy its materials
- C locate its premises
- D sell its products

(v) *BC* disposes of its waste products carefully. This is an example of

- A an environmental influence
- B a marketing influence
- C a personnel influence
- D a taxation influence

(5)



Using the table below, place a cross against each business to show its industrial sector. If you change your mind, put a line through the box and then indicate your new answer with a cross .

(b) BC has links with the businesses listed below. Each business is in a sector of industry.

	Primary Industry	Secondary Industry	Tertiary Industry
<i>RGE plc</i> – a large transport and delivery business	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Stone Mei Ltd</i> – a business that extracts stone and other minerals from its quarries	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Dropping Ltd</i> – a business that makes bricks from the clay	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Rypov Bank plc</i> – a multinational banking business	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(4)

The work that *BC* does is capital-intensive and labour-intensive.

(c) What is the difference between capital-intensive work and labour-intensive work?

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(2)

BC employs people who specialise in different aspects of building work: for example, bricklayers, carpenters, plumbers and electricians.

(d) Examine **one** benefit to *BC* from employing these specialists.

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(2)



An extract from *BC*'s most recent final accounts is shown below.

	£ million		£ million
Sales	14.4	Assets	45.6
Gross profit	6.2	Share capital	20.0
Net profit	1.2	Liabilities	25.6

(e) What is meant by each of the following terms?

(i) Assets

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..... (2)

(ii) Share capital

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(iii) Liabilities

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..... (2)

The final accounts show that *BC*'s net profit is £5 million less than its gross profit.

(f) Why is *BC*'s net profit less than its gross profit?

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..... (1)

(Total 20 marks)

Q1



2. *BC* is constructing a building that contains eight flats (apartments). The directors of *BC* used market research before deciding to build the flats.

(a) (i) What is meant by ‘market research’?

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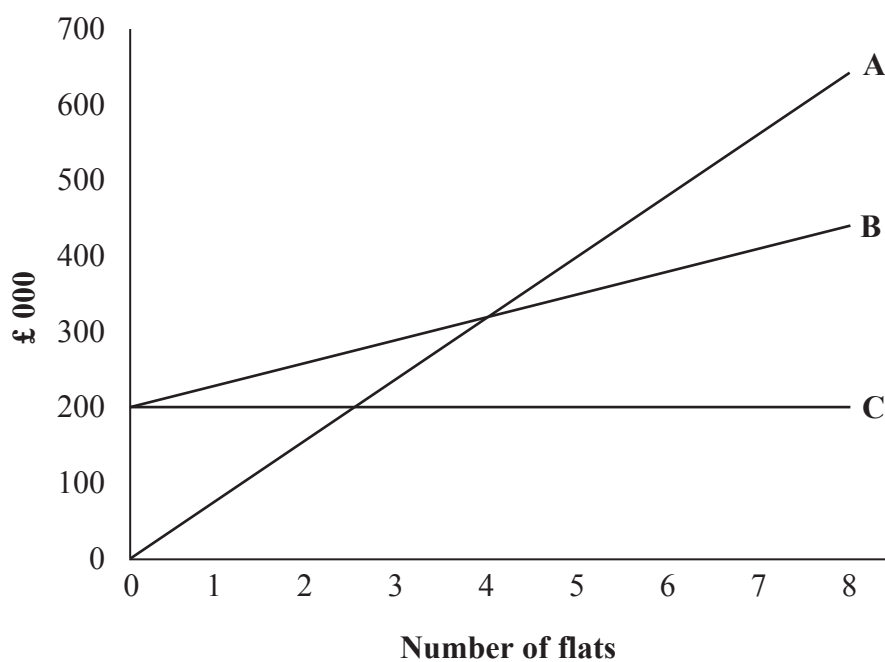
(2)

(ii) Name **one** method of market research.

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(1)

The directors of *BC* have been given the partly completed break-even graph below, which shows the expected costs and revenues for building the new flats.



(b) (i) What do the lines A, B and C represent on the break-even graph?

A

B

C

(3)

(ii) What would be **two** ways, **other than** labelling the lines, to make the break-even graph clearer for the directors?

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(2)

The flats are nearly finished but there are some extra costs. To cover these costs *BC* must borrow money for three months. The directors plan to arrange a bank overdraft.

(c) Analyse why a bank overdraft is a suitable source of finance in this situation.

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(4)



The directors want to advertise the new flats for sale. The advertising budget for these new flats will allow the directors to print leaflets. They will also be able to do **one** of the following.

- Option 1** Put two advertisements each week, for a total of eight weeks, in the local paper that covers the area where the flats are being built.
- Option 2** Place one 15-second advertisement on national television, which will be broadcast late at night when children are in bed.
- Option 3** Play a 30-second advertisement three times a day for a week, on the local radio that covers the area where the flats are being built.
- Option 4** Pay for a full-page advertisement in a newspaper that is sold throughout the country.

(d) (i) Suggest **one** of the four options as being **suitable** for advertising the new flats, giving a reason for your suggestion.

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(2)

(ii) Suggest **one** of the four options as being **not suitable** for advertising the new flats, giving a reason for your suggestion.

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(2)



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To help advertise these new flats, *BC* will hand out leaflets. The leaflets contain details of *BC* and of the new flats, such as the number of rooms. The leaflets are very colourful, attractive and include photographs of the completed flats. The leaflets also offer entry into a competition to win a free holiday (vacation).

(e) Using the above information, show how the use of leaflets by *BC* in this situation is **both** persuasive and informative advertising.

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(4)

Q2

(Total 20 marks)



3. *BC* is advertising for people to work in its Finance Office. When appointed, these employees will attend an induction training programme lasting two days.

(a) (i) What is the purpose of an induction training programme?

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..... (2)

(ii) Give **three** examples of items that should be in the induction training programme for new employees at *BC*'s **Finance Office**.

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..... (3)

The new employees will have job security through their contract of employment.

Job security is one of Herzberg's **hygiene factors**. These employees will have the chance to develop and be promoted, which is one of Herzberg's **motivators**.

(b) Compare Herzberg's hygiene factors and motivators as ways for the directors of *BC* to motivate their employees.

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Some of *BC*'s employees receive bonuses if they meet productivity targets.

(c) (i) What is meant by the term 'productivity'?

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(2)

(ii) How could *BC* increase its productivity?

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(2)

BC has recently introduced a Total Quality Management (TQM) system.

(d) Discuss whether TQM will be important to *BC*.

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(6)

Q3

(Total 20 marks)

TOTAL FOR PAPER: 60 MARKS

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