



**Read this page, then answer the questions which follow.**

### **Context**

*Joan's Taxis* is a business located in the United Kingdom. Joan is the owner, and runs the business as a sole trader. Joan's business is expanding, and she is currently recruiting and training new taxi drivers.

The taxis that Joan uses are manufactured by *Merchant Motors Ltd*, a company that uses flow production methods to make taxis.

The directors of *Merchant Motors Ltd* plan to start making motor vans and other commercial vehicles as well as taxis. They will need to recruit more employees to make these vans and commercial vehicles. Both *Joan's Taxis* and *Merchant Motors Ltd* value the importance of induction training.



**Answer ALL questions.**

**Some questions must be answered with a cross in a box (☒). If you change your mind about an answer, put a line through the box (☒) and then indicate your new answer with a cross (☒).**

1. (a) (i) Controlling the amount of pollution from taxis is an example of
- A an economic influence
  - B an environmental influence
  - C a social influence
  - D a technological influence  **(1)**
- (ii) An example of division of labour is where employees
- A divide their earnings equally
  - B divide their work areas
  - C specialise in certain tasks
  - D split their day into different parts  **(1)**
- (iii) 'Ltd' in its name means that *Merchant Motors Ltd*
- A has limited funds available to invest
  - B has limited time only to make and sell its products
  - C is limited to making taxis only
  - D is a limited liability company  **(1)**
- (iv) Customers and the local community are examples of *Merchant Motors Ltd's*
- A services
  - B shareholders
  - C stakeholders
  - D suppliers  **(1)**
- (v) *Joan's Taxis* is owned by Joan, a sole trader. This means that Joan can
- A employ as many people as she wants to
  - B employ nobody else because she is the sole trader
  - C only employ drivers because of the work that is done
  - D only employ people to work when she is in the office  **(1)**



*Merchant Motors Ltd* employs people who specialise in different aspects of making taxis, for example, spray painters, mechanics and electricians.

(b) What would be **one** benefit to *Merchant Motors Ltd* from employing specialists?

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(3)

The Marketing Department of *Merchant Motors Ltd* carries out different marketing tasks.

(c) Using the list of business tasks below, select and tick the **four** tasks that are most likely to be carried out by the Marketing Department.

Tick **only** four boxes.

Producing the company's final accounts

Organising the production of the company's taxis

Arranging distribution of the products

Examining the product life-cycle of a type of taxi

Interviewing candidates who have been shortlisted

Promoting staff who have worked hard

Creating the budgets for the company

Suggesting a suitable pricing strategy for the taxis

Promoting the taxis made by the company

(4)



The work at *Joan's Taxis* is labour-intensive. The work at *Merchant Motors Ltd* is capital-intensive.

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

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(2)

Some of *Merchant Motors Ltd's* employees receive productivity bonuses.

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

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(2)

(ii) Analyse **two** ways that *Merchant Motors Ltd* could increase its productivity.

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(4)

(Total 20 marks)

Q1

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2. *Joan's Taxis* operates a system of budgeting.

(a) Describe **one** way that budgeting can help Joan in running her business.

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(2)

Joan has produced an extract from her Balance Sheet for 2009.

<b>Current Assets</b>	<b>£</b>
Stock of goods	2 000
Debtors (credit customers)	2 000
Cash in hand and at bank	6 000

<b>Current Liabilities</b>	<b>£</b>
Creditors (suppliers on credit)	2 500
Bank overdraft	7 500

(b) (i) Using these figures and the formulas below, calculate the Current Ratio and the Acid Test Ratio.

$$\text{Current Ratio} = \text{Current Assets} : \text{Current Liabilities}$$

$$\text{Acid Test Ratio} = \text{Current Assets} - \text{Stock} : \text{Current Liabilities}$$

Current Ratio

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(2)

Acid Test Ratio

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(2)



(ii) To what extent will the information from these ratios help Joan run her business?

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(4)

Joan is recruiting new taxi drivers.

(c) State **three** items that are likely to be included in the job description for a new taxi driver.

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(3)

All new taxi drivers are put on the induction training course run by *Joan's Taxis*.

(d) Give **three** items of information that would be suitable to include in induction training.

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(3)



(e) What would be **one** benefit of induction training to

(i) a new taxi driver?

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(2)

(ii) *Joan's Taxis?*

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(2)

**(Total 20 marks)**

Q2

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3. *Joan's Taxis* buys taxis from *Merchant Motors Ltd*.

(a) (i) Give **one** example of a suitable source of finance for *Joan's Taxis*, and **one different** example for *Merchant Motors Ltd*.

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(2)

(ii) Give **one** example of a suitable use of profits for *Joan's Taxis*, and **one different** example for *Merchant Motors Ltd*.

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(2)

*Merchant Motors Ltd* makes its taxis using the flow (mass) method of production.

(b) (i) State **two** features of flow production.

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(2)







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