



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

**Context**

Jo owns a shop that sells new electrical goods such as radios, refrigerators and washing machines. Jo's shop is the only one of its kind in a small town in the north of England. There are no other towns nearby.

A nearby factory used to employ many people in Jo's town. This factory has closed, and there are many unemployed people locally. Jo believes that these people cannot afford to buy expensive new electrical goods. However, she thinks they would pay someone to repair their electrical goods. Jo's brother, Rin, is an electrician. Jo and Rin may go into partnership in the shop, Jo selling new electrical goods and Rin repairing electrical goods brought in by customers. Jo plans to carry out some market research to help her make these decisions.

Most of the goods sold in Jo's shop are made by *Pepper plc*. This company is a large-scale business, employing over 200 people at its factory located in Birmingham. Birmingham is a city in the middle of England. Birmingham is the second largest city in England.



Washing machine



Refrigerator



Radio



1. Jo buys most of her new goods from *Pepper plc*.

(a) (i) Give **one** example of an appropriate source of finance for Jo, and **one different** example for *Pepper plc*.

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(2)

(ii) Give **one** example of appropriate use of profits for Jo, and **one different** example for *Pepper plc*.

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(2)

Jo is a sole trader. She is thinking of going into partnership with her brother, Rin.

(b) Outline **one** advantage and **one** disadvantage to Jo of becoming a partner rather than staying as a sole trader.

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(4)



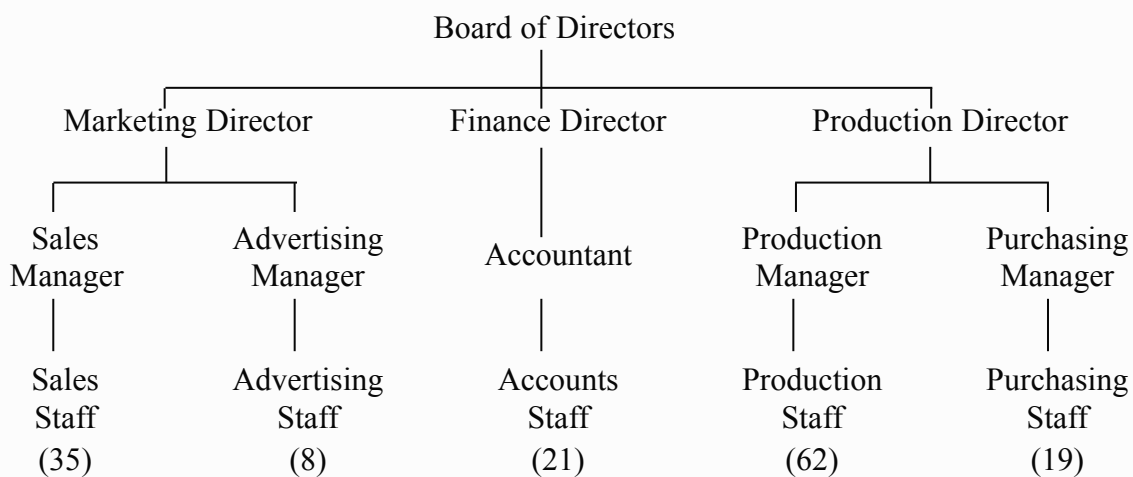
Jo employs people to help in the shop on Saturdays, when the shop is at its busiest. She now needs to employ another member of staff to help part-time on Saturdays. Jo always interviews the short-listed applicants in her shop.

(c) Evaluate Jo's policy of interviewing the short-listed applicants in her shop.

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(4)

Part of the organisation chart for *Pepper plc* is shown below.



(d) (i) Using an example from this organisation chart, explain the term **hierarchy**.

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**(3)**

(ii) Using an example from this organisation chart, explain the term **chain of command**.

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**(3)**



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(e) Identify the span of control of these employees.

(i) The Marketing Director.

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(1)

(ii) The Production Manager.

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(1)

(Total 20 marks)

Q1

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2. The directors of *Pepper plc* have been presented with the following information, which is based on the company's most recent accounts.

Current Ratio 3.00:1 (3 to 1)

Acid Test Ratio 0.50:1 (0.5 to 1)

(a) Using this information, analyse the financial situation of *Pepper plc*.

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(4)

*Pepper plc* operates a system of budgeting.

(b) Give **two** examples of budgets that *Pepper plc* is likely to have.

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(2)



The directors of *Pepper plc* are planning to make and sell a new type of radio.

(c) Analyse how budgeting can help the directors of *Pepper plc* in this situation.

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**(4)**

*Pepper plc* makes many of its electrical goods using the flow (mass) method of production.

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

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**(2)**







3. Jo's shop is located in a small town. *Pepper plc* employs over 200 people and is located in Birmingham, a city in the middle of England. Birmingham is the second largest city in England.

(a) Discuss why the locations of Jo's shop and *Pepper plc* are likely to be suitable for their businesses.

Jo's shop

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(4)

*Pepper plc*

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(4)



*Pepper plc* is becoming a more market-oriented business, rather than a product-oriented business.

(b) Examine what is meant by *Pepper plc* becoming more **market-oriented**.

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**Turn over for question 3 (c)**



