Surname	Centre Number	Candidate Number
First name(s)		0

wjec cbac

GCSE

C510U10-1

O21-C510U10-1

eduqas
Part of WJEC

MONDAY, 22 NOVEMBER 2021 – AFTERNOON

BUSINESS – Component 1

Business Dynamics

2 hours

For Examiner's use only		
Question	**Maximum Mark**	**Mark Awarded**
1.	**4**	
2.	**4**	
3.	**6**	
4.	**6**	
5.	**20**	
6.	**20**	
7.	**20**	
8.	**20**	
Total	**100**	

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01

ADDITIONAL MATERIALS

A calculator.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen.

Do not use pencil or gel pen. Do not use correction fluid.

Answer **ALL** questions.

Write your name, centre number and candidate number in the spaces at the top of this page.

Write your answers in the spaces provided in this booklet.

Additional space is provided for some questions within the booklet (if required). If further space is required for any question, you should use the lined page(s) at the end of this booklet. The question number(s) should be clearly shown.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question. You are advised to divide your time accordingly.

The total number of marks available is 100.

You are reminded of the need for good English and orderly, clear presentation in your answers.

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*Answer **all** the questions in the spaces provided.*

1. Shoowz Ltd is a retail business that sells footwear and is a private limited company.

(a) Identify **one** feature of a private limited company. [1]

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An extract from Shoowz Ltd's profit and loss account (income statement) is shown below.

Profit and loss account for Shoowz Ltd 2019

Sales Revenue	£900 000
Cost of sales	£350 000
Gross profit	£550 000
Expenses	£200 000
Net profit	£350 000

(b) Suggest **one** example of an expense that Shoowz Ltd is likely to pay. [1]

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(c) (i) State the formula for calculating gross profit margin (GPM). [1]

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(ii) Using the formula calculate the GPM for 2019. (Present your answer to **one** decimal point.) [1]

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Examiner only

2. Below are a number of terms and concepts used in business.

Trade union	Patent	Copyright
Human resources	Batch production	
Mortgage	Trade credit	Flow production

Which of the above terms best describes **each** of the following? [4]

(a) An organisation that represents workers' interests.

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(b) A short-term method of finance.

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(c) When products are made in a continuous process, moving from one stage of the process to the next.

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(d) Gives rights to the owner of an invention that prevents others from making or selling the invention without their permission.

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3. Tesco is the market leader in the grocery market in the UK. Tesco offers a number of different sales promotion methods such as '3 for 2' on some product ranges. In this promotion, customers can buy three products in a range and get the cheapest item free. Tesco also has a loyalty card system that rewards customers each time they buy from the business with money-off vouchers.

(a) With reference to the information above, explain why Tesco uses sales promotion. [4]

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Tesco uses a range of pricing strategies throughout its stores.

(b) Identify and describe **one** suitable pricing strategy that Tesco may use. [2]

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Examiner only

4. James Kwan has recently extended his restaurant due to increased demand. He needs to raise some finance in order to purchase a large walk-in freezer, which is estimated to cost £15 000, in order to store more stock.

James is undecided whether to use internal or external sources of finance to purchase the freezer.

(a) Identify which of the following are external sources of finance. [3]

Tick (✓) **three** *boxes only.*

Overdraft		Leasing	
Retained profit		Government grant	
Sale of assets		Owner's capital	

(b) Explain which **one** of the above sources of finance is the most suitable source for James to purchase his freezer. [3]

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5. Crusty Ltd is owned by entrepreneur Jadie Roberts. Jadie and her staff prepare and sell sandwiches and other snacks from three food vans that are parked in busy locations. Jadie's aim is to expand Crusty Ltd and open a shop on the high street.

Crusty Ltd's accountant has drawn up the following cash flow forecast for the next 6 months.

	July (£)	**Aug (£)**	**Sep (£)**	**Oct (£)**	**Nov (£)**	**Dec (£)**
Total revenue	9900	10400	9000	8400	6600	6080
Payments						
Cost of sales	3200	3350	3150	3100	3300	2900
Vehicle hire purchase payment	1200	1200	1200	1200	1200	1200
Fuel	840	830	860	950	700	870
Wages	3200	3100	3300	3200	3100	3300
Total payments	8440	?	8510	8450	8300	8270
Net cash flow	?	1920	490	–50	–1700	–2190
Opening balance	1000	2460	4380	4870	4820	3120
Closing balance	2460	4380	4870	4820	3120	?

(a) State what is meant by cash flow. [1]

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(b) Using an example from Crusty Ltd, describe the term revenue. [2]

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Examiner only

(c) (i) Calculate the estimated net cash flow for July. [1]

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(ii) Calculate the estimated total payments for August. [1]

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(iii) Calculate the estimated closing balance for December. [1]

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(d) Outline **two** ways a cash flow forecast may be useful for a business. [2]

1. ....

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2. ....

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(e) Recommend **two** ways a business could improve its cash flow. [4]

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2. ....

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(f) Using qualitative **and** quantitative data on Crusty Ltd, analyse Jadie's aim to expand the business. [8]

Additional space for Question **5***(f) only.*

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6. Dogs Trust is the UK's largest dog welfare charity and cares for over 15000 dogs each year through its twenty re-homing centres. Dogs Trust funds its activities entirely through fundraising. Dogs Trust has a number of aims including:

- To protect dogs from harm, cruelty and suffering
- To establish and maintain centres for the care and re-homing of stray, abandoned, ill-treated and injured dogs

The charity's income is shown below:

Dogs Trust Income	
2016	£98 million
2017	£106 million
2018	£111 million

(a) Calculate the percentage increase in the income Dogs Trust has received between 2016 and 2018. (Present your answer to **one** decimal point, show your workings.) [2]

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(b) With reference to the Dogs Trust, describe how the features of the Dogs Trust charity will differ from a private sector business. [6]

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Additional space for Question **6**(b) only.

(c) Identify **two** stakeholders of a private sector business. [2]

1.

2.

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Dogs Trust uses a range of advertising media to help it fundraise and promote its aims and activities.

(d) Evaluate the different advertising media Dogs Trust might use. [10]

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Additional space for Question **6**(d) only.

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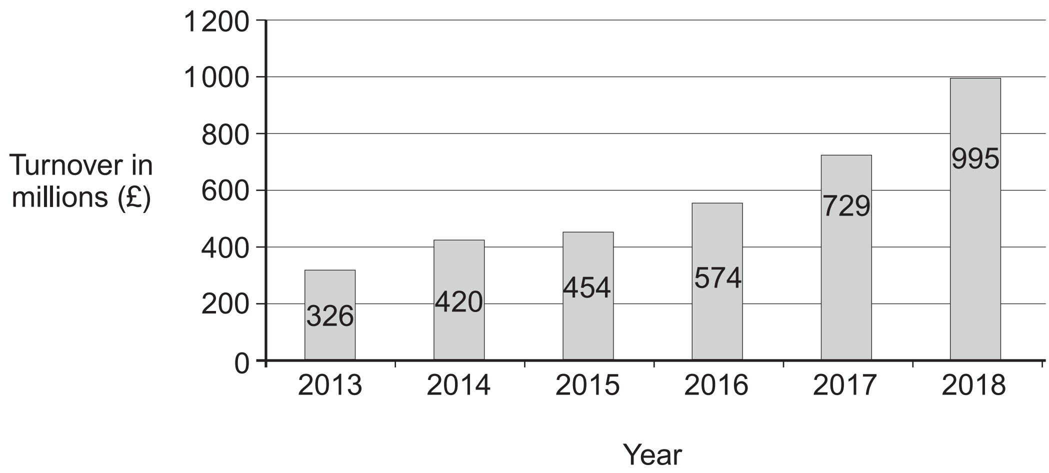
7. Lush is a cosmetics business. It was founded in the UK by entrepreneurs Mark Constantine and Liz Weir in 1995. Lush now has over 1000 stores around the world and is continuing to increase its turnover by focusing on expanding into new markets. Setting SMART objectives helps Lush achieve its aims.

Figure 1 Global turnover - Lush



(a) Outline what is meant by a SMART objective. [2]

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(b) Lush's UK turnover in 2018 was £322 million. Using the data in **Figure 1**, calculate the percentage of global sales turnover that came from the UK in 2018. (Present your answer to **one** decimal point, show your workings.) [2]

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Examiner only

(c) Explain **one** advantage and **one** disadvantage to a business of entering new markets. [4]

Lush aims to be an environmentally sustainable business. It uses discarded plastics found in the ocean and other recyclable materials to make the black pots that most of its cosmetics are stored in. The pots can be returned to a Lush store and recycled into new black pots.

Lush sources the raw materials to make its products from around the world. It makes sure that its suppliers support workers' rights such as fair pay and good working conditions and do not use child labour.

(d) Explain **one** factor that is important to a business when choosing a supplier. [2]

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(e) Explain how a business can act in a sustainable way. [2]

(f) Analyse the impact on Lush **and** its customers when implementing environmentally friendly policies. [8]

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*Additional space for Question **7**(f) only.*

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8. iCakes is a celebration cake business. iCakes manufactures and sells custom-made cakes. Customers can buy cakes to suit all occasions such as the birth of a child, a special birthday, weddings or anniversaries. iCakes' products can be purchased from its website, smartphone app and through its telephone ordering service. It does not have any shops of its own.

iCakes has a reputation for making high quality cakes. All products are handmade and it operates a strict quality assurance policy.

(a) With reference to iCakes, describe the term multi-channel distribution. [2]

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(b) Explain **one** reason why a business uses multi-channel distribution. [2]

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Examiner only

(c) Explain why quality is so important to iCakes. [6]

Additional space for Question **8***(c) only.*

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iCakes are considering opening six of its own shops in large cities throughout England. These shops will be located on busy high streets and will offer an extended product range of celebration cakes and new products such as cupcakes and batch produced sponge cakes. Each shop will also have a café located within it that will sell a small range of cakes and hot and cold drinks.

However, the owners of iCakes are concerned about the economic climate in the UK.

(d) Evaluate iCakes' plan to open its own shops. You must consider the following factors in your answer:

- Product and Price (from the marketing mix)
- Economic factors [10]

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*Additional space for Question **8**(d) only.*

END OF PAPER

Question number	Additional page, if required. Write the question number(s) in the left-hand margin.

Examiner only

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