



*Rewarding Learning*

General Certificate of Secondary Education  
2022

Centre Number

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Candidate Number

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# Business Studies

Unit 2

Developing a Business



[GBU21]

\*GBU21\*

THURSDAY 9 JUNE, MORNING

## TIME

1 hour 30 minutes.

## INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number in the spaces provided at the top of this page.

**You must answer the questions in the spaces provided.**

**Do not write outside the boxed area on each page or on blank pages.**

Complete in black ink only. **Do not write with a gel pen.**

Answer **all three** questions.

## INFORMATION FOR CANDIDATES

The total mark for this paper is 90.

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

Quality of written communication will be assessed in Questions **1(f)** and **2(b)**.



Answer **all** questions

1

“Fitness for All” is a fitness centre which is owned and managed by Grace. The centre has a large membership of men and women from all age groups. Grace employs ten full-time and four part-time staff.

- (a) Grace is hoping to employ an Assistant Manager and is going to write a Job Description for the post. Explain **one** purpose of a Job Description.

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[2]



- (b) Explain **one** legal control that governs race and **one** legal control that governs religion which Grace must observe when recruiting an Assistant Manager.

Race \_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

Religion \_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_ [4]



(c) Grace prefers to recruit the Assistant Manager internally. Discuss **three** advantages of Internal Recruitment for Fitness for All.

1. \_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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  2. \_\_\_\_\_  
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\_\_\_\_\_  
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  3. \_\_\_\_\_  
\_\_\_\_\_  
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- [6]



- (d) Discuss the following responsibilities which both Grace and the prospective Assistant Manager have in the selection process.

Honesty \_\_\_\_\_

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Fairness \_\_\_\_\_

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Confidentiality \_\_\_\_\_

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[6]

[Turn over



(e) Explain the following reasons for staff training in Fitness for All.

Induction \_\_\_\_\_

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Change in procedures \_\_\_\_\_

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To become more competitive \_\_\_\_\_

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[6]



- (f) Grace knows that motivation of her staff is important. Explain **three** reasons why staff motivation is important in Fitness for All.

1. \_\_\_\_\_

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\_\_\_\_\_

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2. \_\_\_\_\_

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3. \_\_\_\_\_

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\_\_\_\_\_ [6]

[Turn over



2

Fitness for All is so successful that Grace hopes that it will grow further.

(a) Identify **two** signs of success you would expect to find in Fitness for All.

1. \_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_ [2]

(b) Discuss **three** factors that could limit the growth of Fitness for All.

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



3. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ [6]

(c) Analyse **two** advantages of growth in Fitness for All.

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ [4]

[Turn over



(d) Analyse **two** disadvantages of growth in Fitness for All.

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  2. \_\_\_\_\_  
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- [4]



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[4]

[4]

**[Turn over**



**\*20GBU2111\***

Grace believes that external growth is the best type of growth for Fitness for All and is considering franchising her business and advertising for franchisees.

(f) Explain the meaning of external growth.

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[2]

(g) Describe **two** advantages and **two** disadvantages of franchising for Grace's business.

Advantage \_\_\_\_\_

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Advantage \_\_\_\_\_

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Disadvantage \_\_\_\_\_

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Disadvantage \_\_\_\_\_

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[8]



3

Grace is going to purchase additional expensive equipment for Fitness for All.  
She is considering using either hire purchase or leasing.

- (a) Explain **one** advantage and **one** disadvantage for Grace of buying the equipment using hire purchase.

Advantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Disadvantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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[4]



- (b) Explain **one** advantage and **one** disadvantage for Grace of leasing the equipment.

Advantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Disadvantage \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[4]

- (c) Identify which of the above two methods is the more appropriate for Grace to use.

Chosen method \_\_\_\_\_

Reason \_\_\_\_\_

\_\_\_\_\_

[2]

[Turn over



- (d) Explain **one** reason why each of the following financial statements is important to a business such as Fitness for All.

Income Statement \_\_\_\_\_

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Statement of Financial Position \_\_\_\_\_

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[4]



The following Income Statement has been prepared for Fitness for All.

INCOME STATEMENT FOR FITNESS FOR ALL  
FOR THE YEAR ENDED 31 DECEMBER 2021

|                        | £       |
|------------------------|---------|
| Sales Revenue          | 165 000 |
| LESS Cost of Sales     |         |
| Opening Inventory      | 54 000  |
| ADD Purchases          |         |
|                        | 144 000 |
| LESS Closing Inventory |         |
| Cost of Sales          | 121 500 |
| Gross Profit           |         |
| LESS Expenses          | 18 750  |
| Net Profit             |         |

(e) Complete the Income Statement to show the figures for the following:

Purchases \_\_\_\_\_ [1]

Closing Inventory \_\_\_\_\_ [1]

Gross Profit \_\_\_\_\_ [1]

Net Profit \_\_\_\_\_ [1]

[Turn over



(f) Distinguish between fixed and variable costs. Identify **two** examples of each which may occur in Fitness for All.

[illegible]

[6]



- [illegible]

[2]

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- [4]

**THIS IS THE END OF THE QUESTION PAPER**

**DO NOT WRITE ON THIS PAGE**

| For Examiner's use only |       |
|-------------------------|-------|
| Question Number         | Marks |
| 1                       |       |
| 2                       |       |
| 3                       |       |

|             |  |
|-------------|--|
| Total Marks |  |
|-------------|--|

Examiner Number

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