



Oxford Cambridge and RSA

GCSE (9–1) Business

J204/01 Business 1: business activity, marketing and people

Practice Paper

Time allowed: 1 hour 30 minutes

You may use:

- a scientific calculator

First name										
Last name										
Centre number						Candidate number				

INSTRUCTIONS

- Use black ink.
- Complete the boxes above with your name, centre number and candidate number.
- Sections A and B: answer **all** the questions.
- Write your answer to each question in the space provided. Additional paper may be used if required but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the barcodes.

INFORMATION

- The total mark for this paper is **80**.
- The marks for each question are shown in brackets [].
- Quality of extended response will be assessed in questions marked with an asterisk (*).
- This document consists of **20** pages.

Section A

Answer **all** the questions.

1 A flat organisational structure has:

- A a long chain of command
- B few levels of authority
- C narrow spans of control
- D no specific person in overall charge

Your answer

[1]

2 A focus group is an example of:

- A a digital distribution channel
- B a primary market research method
- C market segmentation
- D point of sale promotion

Your answer

[1]

3 Which one of the following is a disadvantage of being a sole trader?

- A May need to work long hours
- B Not being allowed to employ staff
- C Profits must be shared with others
- D Shares must be sold on the stock exchange

Your answer

[1]

- 4 A firm has changed the way it trains its employees. Instead of using off-the-job training it now uses on-the-job training. The table below shows the costs of both types of training.

Type of training	Cost
Off-the-job	£82 000
On-the-job	£68 000

The percentage change in the training costs is approximately equal to:

- A -20.6%
- B -17.1%
- C 17.1%
- D 20.6%

Your answer

[1]

- 5 A bakery manufactures and supplies a range of bread loaves to local supermarkets.

Which of the following is the **most** likely effect of the bakery employees refusing to work?

- A Deliveries to supermarkets will be disrupted
- B Different ingredients will be used to make the bread loaves
- C More bread loaves will be produced
- D The bread market will become segmented

Your answer

[1]

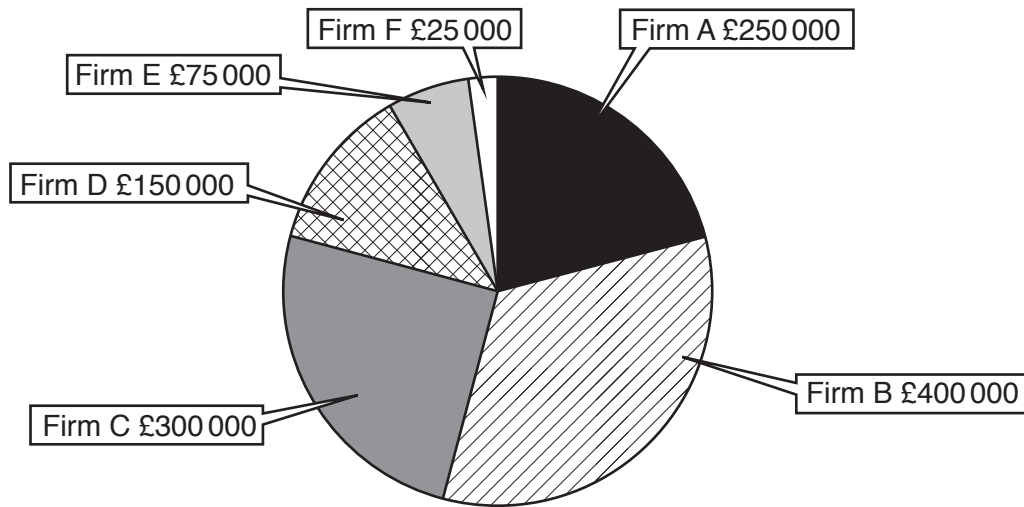
- 6 Which one of the following is **not** a benefit to a business of using television advertising to promote its products?

- A Celebrity endorsements can be used
- B Financial risks are large
- C Millions of potential customers can be reached
- D Sound and moving images are very effective

Your answer

[1]

- 7 Six firms operate in a market. The pie chart below shows the annual revenue of each of these six firms.



According to the pie chart, which one of the following statements is true?

- A Firm A controls a third of the market
- B Firm B has the smallest market share
- C Firm C controls a quarter of the market
- D Firm F has the largest market share

Your answer

[1]

- 8 A telesales company has arranged digital communication training for all relevant employees.

What is the **most** likely reason for this digital communication training?

- A The company is trying to reduce employee retention
- B The company needs to reduce the productivity of its sales staff
- C The company wants workers to enjoy using social media during their breaks
- D The company wishes to encourage more of its workforce to work from home

Your answer

[1]

9 Which one of the following is **not** a role of human resources within a business?

- A Gaining new customers
- B Improving employee retention
- C Processing job application forms
- D Reducing skills shortages

Your answer

[1]

10 A printing firm is researching the market for road maps.

Which of these would be the main purpose of this market research?

- A To calculate the amount of paper that needs to be purchased
- B To find out whether customers are likely to buy the maps
- C To locate the cheapest supplier of coloured inks
- D To work out how many maps the workforce could make in a week

Your answer

[1]

11 Employment legislation states that an employee cannot be forced to work more than an average of 48 hours per week in a 17-week period. Emma worked 782 hours in a 17-week period.

The average amount of time that Emma has worked during the 17-week period is:

- A 0.96 hours per week
- B 16.29 hours per week
- C 46 hours per week
- D 13294 hours per week

Your answer

[1]

12 Raj has developed an idea for a new business.

This is an example of:

- A discrimination
- B enterprise
- C flexible working
- D productivity

Your answer

[1]

13 Which stakeholder does limited liability protect?

- A Customers
- B Employees
- C Shareholders
- D Suppliers

Your answer

[1]

14 A toiletries manufacturer sells its products to a wholesaler.

Which one of the following correctly shows the distribution channel of the products?

- A Producer → Retailer → Customer
- B Producer → Wholesaler → Retailer → Customer
- C Retailer → Producer → Wholesaler → Customer
- D Retailer → Wholesaler → Customer

Your answer

[1]

- 15** A frozen food manufacturer is experiencing problems with its freezers. The manufacturer needs its maintenance contractor to repair the freezers urgently.

Which of the following communication methods should the frozen food manufacturer use to deal with this situation?

- A** Post a message on its own website stating it has problems with its freezers
- B** Produce a presentation to explain the problem to the maintenance contractor
- C** Send a letter to the maintenance contractor by first class post
- D** Telephone the maintenance contractor and explain the problem

Your answer

[1]

Section B

Answer all the questions.

16

Text 1

Boots UK

Boots UK is a leading retailer in the UK with about 2500 stores selling a range of medical, health and beauty products. The company is part of a global business called Walgreens Boots Alliance.

All of the UK stores are especially busy from September to December, as customers visit to purchase Christmas presents. A Christmas recruitment campaign is run every year to find temporary staff. These staff are recruited to help the stores during this period. In addition, new permanent employees are recruited to work both full-time and part-time throughout the rest of the year. The company's business plan considers seasonal trends and the impact of these on the company's resource needs.

Communicating effectively with employees is vital. Store managers use short meetings to communicate important messages to all staff, for example, about promotional events during the weeks leading up to Christmas.

(a) (i) Identify two external stakeholder groups of a business.

- 1
- 2 [2]

(ii) Explain one objective which an internal stakeholder group of Boots UK may have.

- Internal stakeholder group
- Objective
-
- [2]

(b) Explain one advantage to Boots UK of planning business activities.

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- [2]

(c) Explain **one** reason why Boots UK may need to recruit new employees at less busy times of the year.

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(d) Analyse **one** disadvantage for Boots UK of communicating important information within a meeting.

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(e) Boots UK employs temporary employees during its busiest time of the year.

(i) State **one** advantage to a business of using temporary employees.

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(ii) State **one** disadvantage to a business of using temporary employees.

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Text 2

The Works

The Works is a retailer which sells books, toys, gifts and stationery at lower prices than many of its rivals. It has over 430 stores in the UK and Ireland, as well as a website.

The Works currently has over 2 500 employees. The company has a basic aim:

“We aim to be the customer’s first-choice value alternative to the full price retailers of the products we sell.”

Saranne is a local entrepreneur who wants to set up her own business. She is aware of the success of her local branch of The Works and has decided to open a specialist book store in the same town. She believes there are enough customers for both businesses to succeed. This will be Saranne’s first business venture after deciding on a career change since leaving her job working at a local bank. Saranne will need to hire three employees.

(a) (i) State **two** possible objectives for a business.

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- [2]**

(ii) Explain why the objectives of The Works may differ to those of Saranne’s new business.

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- [2]**

(b) State **one** risk for an entrepreneur when starting a new business.

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- [1]**

- (c) Analyse **one** way in which current employment legislation may impact upon the recruitment of Saranne's new employees.

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- (d) Saranne predicts that she will make £15 000 profit during her first year of trading. She plans to share 5% of all profits equally amongst the three employees. Each employee will also be paid £12 000 per year.

Calculate how much each employee should receive in total during the first year.

Show your workings.

Answer: £

[3]

(e) Saranne is considering methods she could use to motivate her new employees.

(i) Analyse **one** way Saranne could use praise to increase motivation.

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(ii) Analyse **one** way Saranne could use bonuses to increase motivation.

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(iii) Recommend whether praise or bonuses would be the most effective method of motivating Saranne's employees. Give reasons for your answer.

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Text 3**Green Cuisine**

Rory and Jayda are keen entrepreneurs and are aware of the likely growth in the demand for both eating out and electric cars over the coming years. Therefore, they have decided to set up a restaurant with a difference – customers can charge their electric car using one of the car charging points in the restaurant’s car park whilst enjoying a meal made from locally sourced, organic ingredients.

Rory previously worked in the finance department of a large business. Jayda used to work in a restaurant where she was responsible for marketing the business as well as managing the kitchens. They enjoy coming up with new ideas and not knowing what the future may bring.

Rory and Jayda have decided to set up their new business as a partnership. They have carried out market research which shows that there is demand for their business idea, as long as it offers exactly what customers require.

Rory and Jayda have decided to use cost-plus pricing with a mark-up of 10% on total costs. The average cost to produce a two-course meal is £12. Here are the results of their market research.

Average price	Estimated number of sales (Customers per week)
£13.20	100
£13.80	85
£14.40	45

They intend to charge prices which are slightly higher than Burgerz4U, the nearest fast-food restaurant, which is located one mile away from the proposed location of Green Cuisine. The average price of a two-course meal at Burgerz4U is £11.

The comments received from their market research are mixed:

“An excellent idea. I am prepared to pay extra if I know that I am supporting other businesses in my local area.”

“People do not have much money to spend as unemployment is high after the local factory closed. It is a good idea, but it will take a lot to persuade me to stop visiting a cheaper, well-known brand.”

(a) Analyse **two** benefits for Rory and Jayda of setting up the business as a partnership.

Benefit 1

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[6]

(b) Identify **one** characteristic of an entrepreneur mentioned in **Text 3**.

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(c) Rory and Jayda used both quantitative and qualitative data in their market research.

(i) Analyse **one** benefit to Rory and Jayda of using **each** of these types of data.

Quantitative data:

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Qualitative data:

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[6]

- (ii) Recommend whether quantitative or qualitative data will be most useful for Rory and Jayda when setting up Green Cuisine. Give reasons for your answer.

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