

My Question Paper

1.

(b) What is the term for the share of the profits of co-operatives?

[1]

Tick one box only.

Dividend

1

Interest

2

Shareholding

3

2.

Judith Rutherford has just been made redundant from a local business producing window blinds. She had learned many skills both in the factory and in the office. In her locality there are fairly high levels of unemployment so her chances of finding another job are limited. Judith has decided to set up her own business, as a sole trader, producing and selling curtains and blinds.

Judith is considering taking on a business partner.

(c) Advise her on whether or not taking on a business partner would be a good idea for her and the business. [8]

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3.

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

PROFIT & LOSS
ACCOUNT

TRADE UNION

JOB
PRODUCTION

CASHFLOW
FORECAST

SOLE TRADER

FLOW
PRODUCTION

MARKETING
DEPARTMENT

PARTNERSHIP

Which of the above best describes **each** of the following:

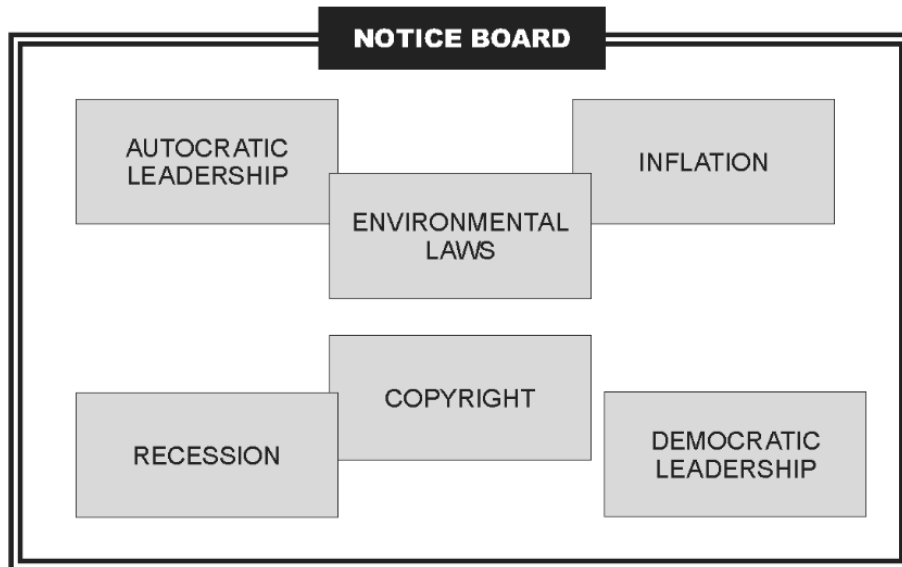
[1]

(b) a business that is owned by between 2 and 20 people

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4.

On the notice board below are a number of terms and phrases used in business.



Which of the above best describes each of the following?

a form of management where the owners of a business consult with their workers.

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5.

According to Government statistics, small businesses represent 95% of all businesses and employ more than seven million people in the UK.

One example of a small business is ARK Windows. This is a business owned by Adam Robert Keysmith who is a sole trader and employs 30 people from the local community.

The business manufactures double glazing windows in a small factory. It also sells and installs them across South Wales.

(c) Explain why operating as a sole trader may benefit the owner of ARK Windows. [2]

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6.

PrettyinPink Ltd has been established for 5 years. The main shareholder and Managing Director, Mrs Emma Thomas, started the business from home, designing and making fashionable clothing for close friends and family.

Since then, she has opened shops in several town centres, employing more than 20 people in total.

Emma is interested in expanding the business even further. Due to the success of online clothes retailers such as ASOS, she is seriously considering setting up a website and selling her clothing range on the internet.

(a) Explain **one** advantage and **one** disadvantage of operating as a private limited company. [4]

Advantage

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Disadvantage

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7.

The Virgin Group is a complicated business organisation which means that it is divided into a number of individual private limited companies. The Virgin Group was set up by Sir Richard Branson in 1970 and he is a major shareholder in all the companies.

(a) Explain one difference between a private limited company and a public limited company. [2]

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8.

Co-operative shops are found all over the country.

(a) Who are most likely to be the owners of these shops? [1]

Tick one box only.

Customers	1
Taxpayers	2
The Government	3

9.


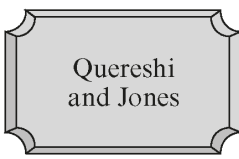
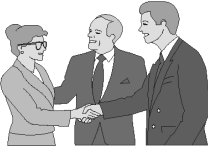

(b) Below are some examples of businesses. Which two are most likely to have limited liability? [2]

Tick two boxes only.

Jones and Co. Ltd (Builders)	1	Mix N Match p.l.c. (Clothing Retailer)	2
Colin Edwards (Greengrocer)	3	Quick and Wright (Accountants)	4

10. Which **two** of the following are most likely to be found in a deed of partnership? [2]

Tick two boxes only.

 <p>How many goods to sell</p>	1	 <p>Names of partners</p>	2
 <p>How profits are to be shared</p>	3	 <p>The price of goods to be sold</p>	4

11. (a) **Underline** the definition which best describes the term **limited liability**. [1]

- (i) The company is limited to the number of shareholders it has.
- (ii) The company must sell its shares on the Stock Exchange.
- (iii) The owners do not have to sell personal possessions if the business fails.

12. Dyson Ltd is a British technology company founded in 1993 by James Dyson. The business designs and manufactures vacuum cleaners, hand dryers and other electrical products.

(a) What type of business is Dyson Ltd? [1]

Tick one box only.





PARTNERSHIP	1
PRIVATE LIMITED COMPANY	2
PUBLIC LIMITED COMPANY	3
SOLE TRADER	4

The company prides itself on engineering products which work in different and better ways than those of their competitors.

Much of the design work of Dyson Ltd is carried out in its offices in Wiltshire. This relies heavily on the use of Computer Aided Design (CAD). Similar technologies are used in Dyson Ltd factories in Asia where Computer Aided Manufacture (CAM) is used.

13. (b) Which **two** of the following businesses will have **unlimited liability**? [2]

Tick (✓) **two boxes only**.

Arlene's Bouquet 	1	Timberskills Ltd 	2
Best Look plc 	3	Snips Salon 	4

14. (a) Which of the following best describes the term **unlimited liability**? [1]

Tick (✓) **one box only**.

The number of workers in a business must not be more than twenty	1
The owners of a business do not have to pay compensation to workers injured at work	2
The owners of a business may have to sell personal possessions if the business goes bankrupt	3

Marking Scheme

1.

4.	<p>Co-operative shops are found all over the country.</p> <p>(b) What is the term for the share of the profits of co-operatives?</p> <p>Dividend</p>	1	AO1 2
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2.

8	<p>(c) Advise her on whether or not taking on a partner would be a good idea for her and the business.</p> <p>Level 1 Advantage(s) and / or disadvantage(s) of taking on a partner suggested / listed.</p> <p>Level 2 Advantage(s) and / or disadvantage(s) of taking on a partner explained.</p> <p>Level 3 Arguments for <u>and</u> against of taking on a partner explained. To gain full marks answer must provide a <u>reasoned decision</u> based on business arguments.</p> <p>Possible arguments for a partnership might include:-</p> <p>Easy to set up – may involve no legal requirements – Deed of Partnership possible More capital than sole traders – Judith may not be able to raise sufficient capital alone Extra skills / expertise in business – may be able to specialise in aspects of business More people to take decisions – more considered approach to running the business Shared responsibility and more flexibility – reduce pressure etc.</p> <p>Possible arguments against a partnership might include:-</p> <p>Partners may disagree – time used up in discussion – decisions take longer Profits will be shared – Judith cannot keep all profits to herself Some partners may not work as hard as others – may demoralise lead to arguments Continuity – also applies to sole trader - but effect on surviving partners if one leaves etc.</p> <p>Maximum of 4 for only considering sole trader</p>	8	AO1 2 AO2 3 AO3 3
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3.

	<p>Below are a number of terms and concepts used in business.</p> <p>Which of the above best describes each of the following:</p> <p>(b) a business that is owned by between 2 and 20 people;</p> <p>PARTNERSHIP</p>	1	AO1 4
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4.

7	<p>Which of the above best describes each of the following.</p> <p>(c) a form of management where the owners of a business consult with their workers.</p> <p>DEMOCRATIC LEADERSHIP</p>	1	AO1 3
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5.

(c)	<p>Explain why operating as a sole trader may benefit the owner of ARK Windows.</p> <p>[2x1] [1x2]</p> <p>Reasons may include:</p> <p>no need to share profits – Can keep all profit / can choose how to use profit – example of how it may be used to benefit the business Making decision without consulting others - will be speedy - e.g. of decision Own boss - free to choose / any example Independence - can work at own pace etc.</p>	2	AO3 2
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6.

(a)	<p>Explain <u>one</u> advantage and <u>one</u> disadvantage of operating as a private limited company.</p> <p>Suggestion [2x1] Explanation [2x1]</p> <p>Advantages (MAX 2):-</p> <p>Limited liability - liable only for money invested - if business fails Emma will not lose personal possessions Continuity - business will not end if one of the shareholders / owners leave More capital - by selling shares - may be easier to get bank loans Specialised management – shareholder / owners / managers can do the work they are skilled at Divorce of ownership and control possible - Emma may not spend all time managing Invited shareholders – able to maintain control etc.</p> <p>Disadvantages (MAX 2):-</p> <p>Cost of setting up - with documents - example Need to share profits - with shareholders Affairs not kept private - need to publish accounts May lose control/may need to share decision making - if another shareholder gains majority control Limited capital available - Unable to use stock market/ reduced investors available Restriction on share ownership – shareholders have to agree on sale of shares etc.</p>	4	AO1 2 AO2 2
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7.

10.	<p>(a) Explain one difference between a private limited company and a public limited company.</p> <p>shares can be bought / business owned – by anyone – shares available on Stock Exchange / open market plc must have at least £50,000 share capital – to start up – private company just 1p usually divorce ownership and managers in plc – because of size – in private company often same people accounts more available for plc e.g. online – for ltd available at Companies House accounts more expensive to produce for plc (1)</p> <p>N.B. allow negative from point of view of private limited company</p>	2	AO1 2
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8.	4.	<p>Co-operative shops are found all over the country.</p> <p>(a) Who are most likely to be the owners of these shops?</p> <p>Customers</p>	1	AO1 2
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9.	5.	<p>(b) Below are some examples of businesses. Which two are most likely to have limited liability?</p> <p>Jones and Co Ltd. (Builders) Mix N Match plc. (Clothing Retailer)</p>	2	AO3 2
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10.	2.	<p>Which two of the following are most likely to be found in a deed of partnership?</p> <p>How profits are to be shared Names of partners</p>	2	AO2 2
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11.	5.	<p>(a) Underline the definition which best describes the term limited liability?</p> <p>(iii) The owners do not have to sell personal possessions if the business fails.</p>	1	AO1 1
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12.	8.	<p>(a) What type of business organisation is Dyson Ltd?</p> <p>PRIVATE LIMITED COMPANY</p>	1	AO1 1
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13.

1.	(b)	Which <u>two</u> of the following businesses will have unlimited liability? Arlene's Bouquet Snips Salon	2	AO1 2
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14.

Question No.		Question & Answer	Mark Allocation	Assessment Objective
1.	(a)	Which of the following best describes the term unlimited liability? The owners of a business may have to sell personal possessions if the business goes bankrupt	1	AO1 1