

Practice Paper Year 10 Business

UNIT 1.1

1. Define business activity. LA **/2 marks**

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2. What is meant by goods? Give examples. **/2 marks**

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3. What is meant by services? Give examples. **/2 marks**

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SurgiCo is a private sector business which designs and manufactures surgical instruments. The company aims to be the world's leading supplier of high quality and cost effective instrument.

SurgiCo is a private sector business.

LA

1. What does this mean?

/2 marks

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2. Differentiate between private enterprise and public enterprise.

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/2 marks

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XYZ Ltd. is a large automobile company operating in the Private Sector of Country X. It has 60% of the market share. In the recent Annual General Meeting of the company, the director stated that the main objective of the company is growth and increase the market share to 75% in the next 2 years.

1. Identify two stakeholders of XYZ Ltd. **LA** **/2 marks**

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Business activities have a lot of stakeholders involved in it.

2. Define the term 'stakeholder'. Give examples. **MA** **/4 marks**

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3. Why the following two are considered as stakeholders: **MA** **/6 marks**
Government.....

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Employees.....

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1. A business objective must be measurable. This means:

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/1 mark

- A. Stating clearly what is trying to be achieved
- B. attainable by the people involved
- C. able to be achieved given the resources available
- D. capable of numerical measurement

2. David is a successful entrepreneur who runs a company selling toothbrushes.

/2 marks

(a) Define objective of a business.

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/3 marks

(b) Explain three objectives David can set for his business.

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3. One of the objectives of Bimisi Buses is higher profit. Identify and explain two other objectives Bimisi Buses might have for the business. **MA**

Objective 1:

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Explanation:

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/2 marks

Objective 2:

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/1 mark

Explanation:

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/2 marks

4. How do you think the objective of public sector often differ from private sector?

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/4 marks

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Boston Pizza International (BPI) operates a pizza franchise in Canada. It has over 300 restaurants and operates three of these as corporate restaurants.

1. Describe the purpose of a mission statement.

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/4 marks

our corporate mission statement

To be a world class franchisor through selecting and training people to profitably manage an outstanding foodservice business. To achieve this goal we are innovative and responsible in our approach to business. We work as a team providing attention to detail but never losing sight of the larger picture. We recognize the need to provide leadership in all areas of operations, marketing and restaurant development.

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ANSWERS:

1. Describe the purpose of a business

Help a business to focus

Provide a plan for the future

Make clear to all stakeholders what the business is trying to achieve

1. David is a successful entrepreneur who runs a company selling toothbrushes.

Identify and explain two roles of an entrepreneur.

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/4 marks

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The Memorandum of Association is a document that includes:

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- A. Procedures for appointing directors
- B. Procedures for sharing profit
- C. name of the company
- D. timing and frequency of company meetings

/2 marks

1. A business organisation which has a separate legal identity from that of its owners is a:

MA

- A. sole trader
- B. partnership
- C. limited company
- D. an unincorporated business

/2 marks

2. Explain the reasons/objectives for choosing the following types of organisations:

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/2 marks

Sole trader

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/2 marks

Private limited company

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/2 marks

Partnership

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3. Anna Conda runs a branded franchise selling industrial cleaning products to public sector organisations.

a) What is meant by the term “public sector organisation”? **LA** /2 marks

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b) What is franchise? (2 marks) **LA** /2 marks

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c) Explain “franchisee” and “franchisor”. **MA** /2 marks

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d) Explain the two advantages and two disadvantages for Anna of operation her business as a franchise. **/4 marks**

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4. Explain three advantages and three disadvantages for an entrepreneur to run his business as a partnership.

/6 marks

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5. As the business began to expand, Mike offered his friend, Gita, the chance to become a partner in the taxi business. They prepared a written partnership agreement.

/4 marks

What could be included in this agreement?

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6. Identify two possible advantages to Juan of being a sole trader **MA**

Advantage 1:

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Advantage 2:

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Qatar Petroleum (QP) is a state owned petroleum company in Qatar. The company operates all oil and gas activities in Qatar, including exploration, production, refining, transport, and storage. Together, revenues from oil and natural gas amount to 60 percent of the country's GDP. Currently it is the third largest oil company in the world by oil and gas reserves.

(a) What is meant by Limited Liability? (use this case study as an example) **MA** /2 marks

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(b) Explain Memorandum of Association. **MA** /3 marks

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(c) State three differences of Public Limited and Private Limited company . **HA** /6 marks

Private Limited Company	Public Limited Company

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(d) Write down the two advantages and two disadvantages of public limited company.

/4 marks

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(e) Why would a business choose to be a sole trader?

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/2 marks

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(f) Give two reasons for Qatar petroleum chose to be a Limited Liability company?

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/2 marks

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1. KFC was one of the first fast food chains to expand internationally, opening outlets in Canada, the United Kingdom, Mexico, and Jamaica by the mid-1960s. KFC popularized chicken in the fast food industry, diversifying the market by challenging the established dominance of the hamburger.

(a) What is meant by multinational? (use this case study as an example) **LA** /2 marks

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(b) How might residents and the government benefit from KFC in their country? **HA** /6 marks

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Marco Valdez is a self-employed taxi driver. He works in Mexico City and owns his own vehicle. He operates as a sole trader and made a profit of 150,000 Mexican peso in 2008. He is happy with his business and does not want to take on the extra responsibilities that growing the business might bring.

Cemex is a large Mexican multinational. The company was set up in 1960 and supplied to north of Mexico with cement. Today Cemex is a global building material company and has customers from many countries all over the world. It has several plants and distribution centers internationally.

Marco Valdez is happy operating as a sole trader.


(a) Give two reasons why he might be happy. **MA** **/4 marks**
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(b) Why could Cemex not really operate as a sole trader? **MA** **/2 marks**
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(c) Businesses in general be forced to change their legal status as they grow. Discuss the factors that would affect the choice of business organisation. **HA** **/8 marks**
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UNIT 1.3: FACTORS OF PRODUCTION

 Objective: To understand the four factors of production

1. What do we mean by the term 'production'?

/2 marks

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2. Fill in the blanks in the following passage with the terms shown in the brackets below:

(goods and services; sold; enterprise; labour; organise; capital; raw materials; business; production; resources; skills; owner; finished goods; idea; land; time management; premises; working capital; entrepreneur; fixed capital; quality; risk-taker; factor of production; people)

/12 marks

HA

A _____ will usually require a plot of _____ to carry out their operations. This is referred to as the _____ of the business and is one type of _____. The workforce of a company provides the business with its _____ which may vary in terms of the _____ of work they do or the _____ that they bring to the workplace. _____ is a factor of production which can be split into two types. The first of these is _____ which refers to the _____ that will be used up in the process of _____ and also includes stocks of _____ that are waiting to be _____. The second of these is _____ which includes things which do not change but which allows working capital to be changed into _____. The final factor of production is _____ and refers to the _____ of the business. An _____ is a _____ who may or may not be the _____ of the business. This individual needs to have excellent skills in managing _____ and be very effective at _____ because he or she needs to _____ the _____ of the business effectively.

3. Describe four roles of an entrepreneur.

/4 marks

MA

- a.
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- b.
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- c.
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- d.
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1. Fill in the blanks

/2 marks

LA

A business that uses relatively *more* labour than capital is said to use
_____ production.

A business that uses relatively *less* labour than capital is said to use
_____ production.

ANSWER:

Labour-intensive

Capital-intensive

2. Explain the difference between labour-intensive and capital-intensive production

/3 marks

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ANSWER:

Labour-intensive production is where a business makes relatively more use of labour compared with capital in order to produce final goods and services (for example a factory that employs workers to make clothing). A capital-intensive production is where a business makes relatively more use of capital (plant/machinery/manufacturing) compared with labour in order to produce goods and services. Capital-intensive industries include the automotive sector and computers (technology).

3. Provide an example of a labour-intensive business and an example of a capital-intensive business and explain why you have chosen each of these examples.

/4 marks

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ANSWER:

Examples of labour-intensive businesses include any service-oriented activity, such as a taxi company, any public sector organisation such as a hospital or school, or a barber shop. Examples of capital-intensive businesses include any activity that involves manufacturing or the production of goods (finished or semi-finished) from raw materials. The latter businesses are referred to as capital-intensive because they will make more use of working capital (i.e raw materials) or fixed capital (i.e. machinery/factories/etc).

1. Write 'P' for primary, 'S' for secondary or 'T' for tertiary next to each activity below to show which are in primary, secondary or tertiary sector. The first one is done for you.

/8 marks

MA

Farming	<u>P</u>	Computer manufacturing	___
Lawyer	___	Food Processing	___
Forestry	___	Ship Building	___
Computer repairman	___	Transport	___
Oil extraction	___	Fishing	___
Banking	___	Construction (building)	___
Advertising	___	Mining	___
Teaching	___	Automobile production	___

ANSWERS:

Farming	<u>P</u>	Computer manufacturing	<u>S</u>
Lawyer	<u>T</u>	Food processing	<u>S</u>
Forestry	<u>P</u>	Ship Building	<u>S</u>
Computer repairman	<u>T</u>	Transport	<u>T</u>
Oil extraction	<u>P</u>	Fishing	<u>P</u>
Banking	<u>T</u>	Construction (building)	<u>S</u>
Advertising	<u>T</u>	Mining	<u>P</u>
Teaching	<u>T</u>	Automobile production	<u>S</u>

2. Select the best option from the choices provided below by ticking the correct box:

/5 marks

LA

a) As a country gets richer, which sector is most likely to grow the fastest?

- i. Primary
- ii. Secondary
- iii. Tertiary
- iv. They all grow at the same rate

b) What are the key areas of employment in the primary sector?

- i. Farming, mining and fishing
- ii. Construction and building
- iii. Banking and financial services
- iv. Teaching, education and schools

c) Tertiary activity refers to employment in:

- i. Extractive industries
- ii. Manufacturing industries
- iii. Service industries
- iv. Employment industries

d) What is secondary industry?

- i. Where a farm makes a lot of money, to set up another farm
- ii. When natural resources are processed and turned into a product
- iii. When a farm or factory is making a loss and has to shut down
- iv. When a company is not making enough profit

e) Which is a reason for why manufacturing is in decline in developed countries?

- i. The public sector grows which means there are more services
- ii. Poorer countries do more manufacturing
- iii. More technology reduces the need for manufacturing
- iv. All of the above

ANSWERS:

- a) iii
- b) i
- c) iii
- d) ii
- e) iv

3. Define the following:

/5 marks

MA

a) Raw materials:

b) Primary sector:

c) Secondary sector:

d) Tertiary sector:

e) Interdependence:

4. *Batman & Robin Ltd* is an American company that specialises in the sale of stylish, state-of-the-art novelty cars. *Batman & Robin* is simply responsible for selling these high-end cars in their luxury showroom, but before the cars reach their store, there is a long process of getting the cars shipped in from specialised factories, mainly based in China where labour is cheaper. The raw materials for the cars come from one of the world's largest metal producing nations, Russia.

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a) What do we mean by primary sector business activity and what does it involve?

/2 marks

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b) Where in this case study do we see primary sector business activity taking place? Please explain.

/2 marks

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c) What is the difference between the secondary and tertiary sectors? (Use examples from this case study)

/4 marks

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d) Define interdependence and explain from this case study how interdependence is taking place. /4 marks

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a) activity. Therefore, the sale of a car by Batman & Robin Ltd involves the interaction of all three sectors of business activity from mining metals to selling in a showroom.

UNIT 1.5: BUSINESS LOCATION

1. Briefly explain four factors that affect the location decisions made by a business and give an example for each one:

/8 marks
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a)
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b)
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c)
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d)
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2. Define what we mean by 'regional policy' and explain how it affects the location decision of a business.

/2 marks

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1. Ahmed used to be the director of a computer graphic design business called Different Strokes for Different Folks with an office based in the middle of New Street, Birmingham, in the UK. However, when the economic recession he found that his business was suffering and it was becoming very expensive for him to continue paying rent for his office space in Birmingham City Centre. Ahmed decided that he would instead change the location of his graphic design business to his own home while still serving the same customers that he had when he was operating his office in the city. He was able to make use of the internet and ran his business entirely online. As a result, he found that his overhead costs went down and his profits began to increase.

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a) What was the changing business environment in this case study that affected the choice of location for Ahmed's business to change?

/1 mark

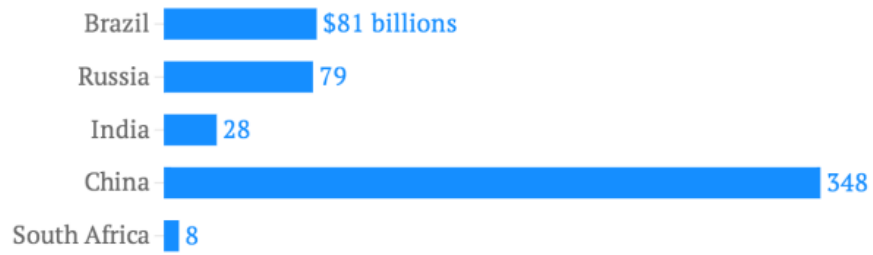
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b) Describe two ways how moving from an office to his home changed Ahmed's business? Explain whether you think this was a wise decision.

/4 marks

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c) The graph below shows the value of new business start-ups in billions of dollars (\$) in different countries. What do these numbers tell us about a business decision to start up in new markets? /3 marks



Data: World Bank

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1. Select the best option from the choices provided below by ticking the correct box:

/5 marks

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a) The government uses monetary policy to expand the economy by:

- i. increasing expenditure in public services
- ii. increasing interest rates
- iii. asking businesses to sell more goods and services
- iv. asking banks to print more money

b) By 'economic policy' we mean that:

- i. prices are cheap
- ii. the government finds ways to increase the country's wealth
- iii. the police is used to decrease the level of crime in the country
- iv. none of the above

c) When the interest rate goes down:

- i. businesses borrow more and invest more
- ii. businesses borrow more and invest less
- iii. businesses borrow less and invest more
- iv. businesses borrow less and invest less

d) Monetary policy is able to make an economy grow by:

- i. making sure that prices remain stable.
- ii. making sure that taxes are reduced.
- iii. making sure that more money is available for people to spend
- iv. making sure that taxes are increased.

e) The government uses fiscal policy to expand the economy by:

- i. decreasing spending in public services and decreasing taxes
- ii. decreasing spending in public services and increasing taxes
- iii. increasing spending in public services and decreasing taxes
- iv. increasing spending in public services and increasing taxes

1. Define 'consumer protection'

/2 marks

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Explain one reason why a country such as the United Kingdom may decide to trade internationally with countries such as Bangladesh.

/3 Marks

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Explain the advantages and disadvantages of a private limited company. (6)

Explain the advantages and disadvantages of a public limited company. (6)

What are the four factors of production? (4)

(MA) Explain, with examples, what labour-intensive production is? (3)

Sam runs a clothing production line in the United Kingdom. He has decided that he would like to expand his business and begin trade with companies in India to sell his products internationally. The Indian government have imposed high tariffs on imports. Explain why the Indian government have done this.

/4 Marks

1. Identify and explain 4 factors that are important to consider when deciding on the location of a business (12)

Factor 1:

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Explanation 1:

Factor 2:

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Explanation 1:

Factor 3:

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Explanation 1:

Factor 4:

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Explanation 1:

2. Identify and explain the 4 government objectives (12)

Objective 1:

Explanation 1:

Objective 2:

Explanation 1:

Objective 3:

Explanation 1:

Objective 4:

Explanation 1:
