Name:

A-Level Business: **w25 11**

2 **(a)** Define the term *liquidation*. [2]

(b) Explain **one** external source of finance for a business. [3]

A-Level Business: **w25 12**

5 **(a)** Analyse **two** benefits to a business of using an internal source of finance for business growth. [8]

(b) ‘The main reason why many small businesses fail is that they do not understand the difference between cash and profit.’

Evaluate this view. [12]

OR

A-Level Business: **w25 13**

6 **(a)** Analyse **two** uses of cost information for a business. [8]

(b) ‘A large bank loan is the most appropriate source of finance for the expansion of a furniture retailer.’

Evaluate this view. [12]

A-Level Business: **s25 12**

6 **(a)** Analyse **two** advantages to a business of using sale and leaseback of non-current assets as a source of finance. [8]

(b) ‘The use of budgets is the most effective way to monitor the performance of a hotel.’

Evaluate this view. [12]

A-Level Business: **s25 21**

2 **Premium Homes (PH)**

PH owns student rental accommodation in all the major cities in country Y. PH used demographic segmentation in its market research. This research identified that university students would pay a premium for high specification rental accommodation.

PH has specialist teams focused on sales, maintenance, customer service and finance. There is little opportunity for internal promotion. PH pays low salaries, however, it offers profit sharing to motivate its 150 employees. This has been effective as PH has had low labour turnover.

In the last two years, profit levels have fallen by 75%. In 2024, 45 employees left PH. Complaints about maintenance and customer service have increased due to the lack of experienced employees in PH.

The Finance Director is reviewing PH’s existing sources of finance, shown in Fig 2.1.

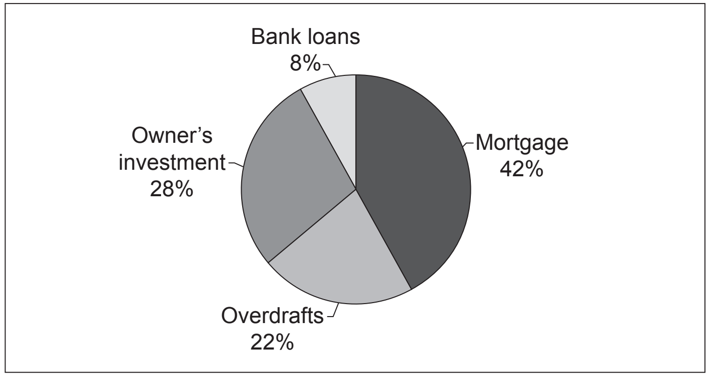

Fig 2.1 PH’s sources of finance

Frank, the Operations Director, wants to improve the sustainability of PH’s operations. He plans to:

- stop renting out accommodation in some lower-income cities, and sell these buildings
- upgrade accommodation in high-income cities
- reduce the size of the workforce.

(a) **(i)** Identify **one** way in which business size can be measured. [1]

(ii) Explain the term *demographic segmentation*. [3]

(b) **(i)** Refer to lines 6–8. Calculate PH’s labour turnover in 2024. [3]

(ii) Explain **one** way in which PH could use Maslow’s Hierarchy of Needs. [3]

(c) Analyse **one** advantage and **one** disadvantage to PH of using an overdraft as a source of finance. [8]

(d) Evaluate whether Frank’s plan will improve the sustainability of PH’s operations. [12]