2 CPW is a private sector business which has many objectives. It sells electrical goods including kettles and ovens in its 36 shops in country X. CPW also offers a delivery service. The business buys all its inventory from local suppliers to avoid import tariffs. The Finance Director is analysing CPW's statement of financial position. An extract is shown in Table 2.1. He has been asked to find a source of finance to purchase 10 new delivery vehicles.

Table 2.1

Extract from CPW's statement of financial position for 2024 ($ million)	
Non-current assets	120
Current assets	70
Current liabilities	110
Non-current liabilities	75

(a) Define 'import tariff'.

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.... [2]

(b) Identify **one** non-current asset and **one** current liability.

Non-current asset: ....

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Current liability: ....

.... [2]

(c) Outline **two** ways the information in Table 2.1 might be useful to CPW.

Way 1: ....

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Way 2: ....

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.... [4]

(d) Explain **two** factors CPW should consider when deciding on a source of finance for the new vehicles.

Factor 1: ....

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Explanation: ....

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Factor 2: ....

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Explanation: ....

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.... [6]

(e) Explain **two** objectives a private sector business might have. Which objective is likely to be the most important? Justify your answer.

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.... [6]

3 JTA is a public limited company. It sells holidays in a mass market. The business has 44 shops and 200 employees. The Finance Director is considering ways a business can increase its profit. She has been asked to analyse JTA's financial performance using ratio analysis. An extract from JTA's financial statements is shown in Table 3.1.

Table 3.1

Extract from JTA's financial statements for 2023 ($ million)	
Revenue	900
Profit	100
Capital employed	800

(a) Define 'capital employed'.

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(b) Calculate JTA's return on capital employed (ROCE). Show your working.

Working: ....

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Final answer: .... [2]

(c) Outline **two** benefits to JTA of selling in a mass market.

Benefit 1: ....

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Benefit 2: ....

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.... [4]

(d) Explain **one** advantage and **one** disadvantage of JTA being a public limited company.

Advantage: ....

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Explanation: ....

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Disadvantage: ....

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Explanation: ....

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.... [6]

(e) Do you think increasing prices is the best way for a business to increase its profit? Justify your answer.

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3 HRO manufactures children's toys. It is a private limited company. The main objective of HRO's shareholders is to increase profit. This might conflict with the objectives of other stakeholder groups, including its 30 suppliers. HRO's Managing Director knows that market research can help when making marketing decisions. The Finance Director is preparing HRO's statement of financial position. An extract is shown in Table 3.1.

Table 3.1

Extract from HRO's statement of financial position at 30 June 2024 ($000s)	
Non-current assets	480
Current assets	250
Current liabilities	200
Non-current liabilities	300

(a) Define 'non-current assets'.

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.... [2]

(b) Calculate HRO's current ratio. Show your working.

Working: ....

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Final answer: .... [2]

(c) State whether each of the following would be classified as a current asset or as a current liability.

Trade receivables: ....

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Trade payables: ....

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Overdraft: ....

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Inventory: ....

.... [4]

(d) Explain **one** way the objective of HRO's shareholders to increase profit might conflict with the objectives of each of the following stakeholder groups:

Customers: ....

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Explanation: ....

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Suppliers: ....

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Explanation: ....

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.... [6]

(e) Do you think the advantages to a business of using primary market research are greater than the disadvantages? Justify your answer.

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3 IDT manufactures clothes for the mass market. It is a multinational company with factories in 4 countries. IDT has short-term and long-term financial needs. The Finance Director is analysing IDT's statement of financial position. An extract is shown in Table 3.1. He has been asked to calculate working capital and to explain how an increase in non-current liabilities might affect IDT.

Table 3.1

Extract from IDT's statement of financial position ($ million)		
	2022	**2023**
Current assets	380	420
Current liabilities	250	280
Non-current liabilities	300	400

(a) Define 'mass market'.

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.... [2]

(b) Calculate IDT's working capital in 2023.

Working: ....

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Final answer: .... [2]

(c) Outline **one** reason why IDT might need the following types of finance:

Short-term finance: ....

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Long-term finance: ....

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.... [4]

(d) Explain **two** ways an increase in non-current liabilities might affect IDT.

Way 1: ....

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Explanation: ....

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Way 2: ....

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Explanation: ....

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(e) Explain **two** advantages to a business of being a multinational company. Which advantage do you think is likely to be the most important? Justify your answer.

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