

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										

For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



General Certificate of Secondary Education
January 2012

Business Studies

413001

Unit 1 Setting up a Business

Tuesday 10 January 2012 1.30 pm to 2.30 pm

You will need no other materials.
You may use a calculator.

Time allowed

- 1 hour

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 60.
- You are reminded of the need for good English and clear presentation in your answers. Quality of Written Communication will be assessed in questions 1(e), 2(d) and 3(d).



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Answer **all** questions in the spaces provided.

Total for this question: 22 marks

1 Read **Item A** and then answer the questions that follow.


Item A

Enterprising DVDs

Tony and Rima met at college where Tony was studying Media Studies and Rima was studying Business Studies. They had been involved in a project to produce a DVD about the college. Several of their friends had shown an interest in buying a copy of the DVD or producing one for other colleges.

When Tony and Rima left college, they realised that there could be a market to make and sell DVDs of events such as weddings, birthday parties and other celebrations.

If Tony and Rima are to set up in business as a partnership, they will need to market the business and to buy filming and editing equipment. They have worked out that they will need a bank loan of £10 000 to buy the equipment and to cover the marketing of the new business. Rima knows that they will need a business plan if the business is to be successful.



Source: photograph, *Getty Images*, Peter Dazeley

1 (a) State **two** advantages of Tony and Rima setting up as a partnership.

Advantage 1

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Advantage 2

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(2 marks)



1 (b) Tony and Rima have worked out that they will need a bank loan of £10 000.

State **two** features of a bank loan.

Feature 1

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Feature 2

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(2 marks)

1 (c) State **one** other source of finance and explain why it might be suitable for Tony and Rima.

Source of finance

Explanation

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(3 marks)

1 (d) Explain **two** benefits to Tony and Rima of producing a business plan.

Benefit 1

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Benefit 2

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Extra space

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(6 marks)

1 (e) Tony and Rima are planning how to raise awareness of their new business in the local area. They are considering two options:

- a professionally designed website
- a series of adverts in local newspapers.

Recommend to Tony and Rima which of these options you think would be most suitable. Give reasons for your recommendation.

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Turn over for the next question

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Total for this question: 19 marks

2 Read **Item B** and then answer the questions that follow.

Item B

Green Acres Ltd

Green Acres Ltd (GA Ltd) is a family farm. It employs ten farm workers, one office worker and a farm manager. It has been operating successfully for a number of years producing fruit and vegetables which it sells to shops and supermarkets in the local area. Recently, farms which have recruited managers with a sales background have been more successful than *GA Ltd* in selling to the supermarkets.

The Farm Manager at *GA Ltd* has announced that he is leaving. The post of Farm Manager has been advertised and a number of people have applied. One of the applicants is a farm worker from *GA Ltd*. He has worked at the farm for a few years. He is experienced and well liked but has no sales experience.

This year, *GA Ltd*'s output has fallen and it is expecting to make a loss. *GA Ltd* is also worried by two recent accidents to workers at the farm. Workers at the farm are losing motivation. It will be a priority for the new Farm Manager to increase the motivation of the workers.



Source: photograph, *Thinkstock*

2 (a) State **two** ways in which laws help to protect workers.

1

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(2 marks)



2 (b) State **two** benefits to *GA Ltd* of improving the motivation of its workers.

Benefit 1

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Benefit 2

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(2 marks)

2 (c) *GA Ltd* has received a number of applications for the Farm Manager's position.

Explain how *GA Ltd* could decide upon the best applicant.

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(6 marks)

Extra space

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2 (d) None of the applicants have all the skills and experience *GA Ltd* would like.

Advise *GA Ltd* whether it would be better to appoint the internal applicant or an external applicant. Give reasons for your advice.

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Total for this question: 19 marks

3 Read **Item C** and then answer the questions that follow.

Item C

Meals for All

Meals for All has recently been set up as a local social enterprise. It prepares and cooks quality hot meals five days a week for elderly people. The meals are collected from *Meals for All* by volunteers, who deliver them within the local area. The premises are provided free of charge by the local council.

To satisfy its customers' needs, *Meals for All* offers a wide choice of meals, which changes each day. Customers telephone each morning to find out the menu for the day and to make their choice. This means that sometimes one choice runs out but others go to waste and meals are often delivered late.

The cost of ingredients is likely to increase over the next few months. The cook is considering many options to reduce the costs of the meals including buying cheaper ingredients. Another way would be to offer less choice and to ask customers to order a day in advance. This would mean that the exact amount of ingredients could be bought and there would be less wastage. However, some of the customers have indicated that they would not like this and would prefer to give their first and second choice of meal.

Figure 1: Meals for All Financial Data

Price of a meal	£3.00
Cost of ingredients – per meal	£2.00

Weekly costs	
Cook	£400.00
2 untrained assistants	£400.00
Other weekly costs – including phone, electricity and delivery	£100.00
Total weekly costs	£900.00

3 (a) Explain what is meant by a 'social enterprise'.

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(2 marks)



3 (b) Calculate the weekly profit or loss made by *Meals for All* if it receives 950 orders a week. Show your workings in the space provided.

Weekly Profit or Loss

Workings

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(4 marks)

3 (c) Explain the possible effects on *Meals for All* of using cheaper ingredients.

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(4 marks)

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3 (d) Recommend the best action for *Meals for All* to take to reduce costs and provide a quality service. Give reasons for your recommendation.

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END OF QUESTIONS



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