

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										



General Certificate of Secondary Education
June 2012

Business Studies

413001

Unit 1 Setting up a Business

Tuesday 22 May 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(d), 2(d) and 3(d).

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



J U N 1 2 4 1 3 0 0 1 0 1

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

Total for this question: 21 marks

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

Item A

Fish 'n' Chips 4 U

Marco has been running successfully the local fish and chip shop, Fish 'n' Chips 4 U, for over 20 years. However, he noticed last year that his revenue was falling. He thinks that the cause of this may be a new pizza takeaway that has opened nearby which also offers a delivery service. Due to the competition, Marco has had to reduce the hours of the six part-time staff that he employs. He is wondering whether he should now change his business objectives.

In order to compete with the new pizza takeaway, Marco is considering reducing the price of his best-selling cod and chips meal. He is also considering whether he should offer a delivery service and, if so, whether this would increase demand for his traditional range of meals.



Source: photograph, *Getty Images*

1 (a) State **two** possible business objectives that would be suitable for a small business such as Marco's.

1

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2

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(2 marks)



- 1 (b)** Describe the effect that the opening of the new pizza takeaway might have on **two** different groups of stakeholders of Marco's business.

Stakeholder 1

Effect

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Extra space

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Stakeholder 2

Effect

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Extra space

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(4 marks)

- 1 (c) (i)** Marco currently sells cod and chips meals for £5 and sells 100 a week. If he reduces the price to £4, he is sure he can sell 150 meals.

Calculate his weekly revenue if he does sell 150 meals at the new price.

Weekly revenue

Workings

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(2 marks)

Question 1 continues on the next page

Turn over ►



- 1 (c) (ii)** Explain what other information Marco would need to consider before deciding whether to reduce his price.

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Extra space

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(4 marks)

- 1 (d)** Marco is considering whether he should offer a delivery service. In order to see whether this would increase demand for his traditional range of meals, Marco knows that he must undertake some reliable market research.

His options include:

- interviewing some of his current customers
- giving out questionnaires in the local shopping centre.

Advise Marco on what he should do. Give reasons for your advice.

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(9 marks)

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21

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****Budget Signs Ltd**

Budget Signs Ltd has recently set up as a sign making business. It uses batch production to make a large range of standard signs for hotels and restaurants. It also specialises in producing other individual advertising signs and badges. These are used by local businesses to promote themselves. *Budget Signs Ltd* has purchased the latest computer technology to help it to design and produce the signs and badges.



Budget Signs Ltd has been trading for only six months but a problem has recently happened. Its biggest customer has complained that the items it has received are incorrect. It says that the signs are the wrong size, the wrong colour and contain spelling mistakes, making them impossible to use.

Cash flow is already difficult for *Budget Signs Ltd*. Its customers often do not pay until six to eight weeks after the work has been completed. Its suppliers, however, expect to be paid on delivery. Its workers are also paid weekly. *Budget Signs Ltd* is considering what action it could take to improve its cash flow.

Source: photographs, Getty Images

2 (a) Describe **one** way in which the law will help to protect the customers of *Budget Signs Ltd*.

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(2 marks)

Extra space

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- 2 (b)** Explain **two** advantages to *Budget Signs Ltd* of using batch production to produce its large range of standard signs.

Advantage 1

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Extra space

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Advantage 2

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Extra space

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(4 marks)

Question 2 continues on the next page

Turn over ►



- 2 (c)** Explain the benefits to *Budget Signs Ltd* of producing quality products.

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(4 marks)

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- 2 (d)** Recommend the best way for *Budget Signs Ltd* to improve its cash flow.
Give reasons for your recommendation.

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Total for this question: 20 marks

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

Little Shoots Ltd (LS Ltd) is an independent garden centre which sells plants and other gardening items. It also has several greenhouses in which it grows the plants that it sells. *LS Ltd* is located on the edge of a large town. It is easy to get to by public transport and it has a large free car park.



LS Ltd employs 30 staff who mostly work part time. Very few of the staff work all year, as the garden centre is much busier during the summer than the rest of the year. During the summer the garden centre is open long hours, seven days a week. The staff work long hours for a few days a week and are often not told when they are working until the day before. The staff feel that the managers do not tell them what is going on and do not look after their needs.

Profits are low and *LS Ltd* is concerned that it is finding it difficult to keep staff. Most staff earn only the minimum wage. The business constantly has to recruit and train new workers which is expensive.

Source: photograph, Getty Images

3 (a) State **two** features of a private limited company (Ltd).

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- 2
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(2 marks)



3 (b) Explain the possible benefits to *LS Ltd* of the location of its garden centre.

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(5 marks)

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Question 3 continues on the next page

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3 (c) State and explain **two** reasons why the company mainly employs part-time staff.

Reason 1

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Reason 2

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(4 marks)

3 (d) Advise *LS Ltd* on the best way to improve the motivation of its staff.
Give reasons for your advice.

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END OF QUESTIONS



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