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| Centre Number | | | | | | Candidate Number | | | | |
| Surname | | | | | | | | | | |
| Other Names | | | | | | | | | | |
| Candidate Signature | | | | | | | | | | |

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



General Certificate of Secondary Education
June 2010

Business Studies

413001

Unit 1 Setting up a Business

Friday 28 May 2010 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).



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

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

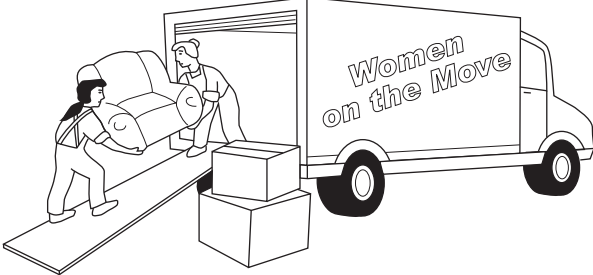
Total for this question: 21 marks

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

Item A

Women on the Move

Emily's family has just moved house. She noticed that the removal business that helped them to move house used all male employees. She is considering whether there is an opportunity for her and her friend, Isabella, to start up a local removal business. They could call the business 'Women on the Move' and set up as a partnership. It is also possible that one of Isabella's relatives would lend the two friends some money to buy a suitable van.



1 (a) State and explain **one** reason why Emily might want to start up her own business.

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(2 marks)



1 (b) Emily and Isabella are planning to set up their business as a partnership.
Explain **two** benefits to them of setting up the business as a partnership.

Benefit 1

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Benefit 2

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(4 marks)

Extra space

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Question 1 continues on the next page

Turn over ►



1 (c) Emily and Isabella are considering carrying out some market research before they start up the business.

State and explain **two** methods of market research that they could use to help them see whether their business is likely to succeed.

Method 1

Explanation

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Extra space

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Method 2

Explanation

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(6 marks)

Extra space

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1 (d) Emily and Isabella need to buy a suitable van for the business which is likely to cost about £10 000. They could either:

- borrow £10 000 from one of Isabella’s relatives or
- see whether the local bank would give them a loan over five years.

Emily is not sure that involving Isabella’s family would be a good idea.

Advise Emily and Isabella on which would be the better source of finance for them.
Give reasons for your advice.

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(9 marks)

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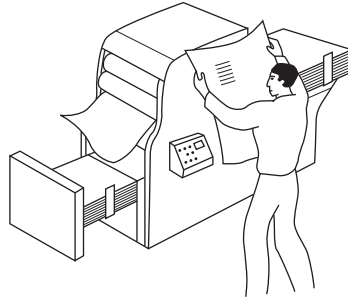
Total for this question: 20 marks

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

Item B

Expresso Printing Ltd

Expresso Printing Ltd is a small family business based in a unit on an industrial estate. They produce leaflets, newsletters, posters and other printed items.



Expresso Printing Ltd is considering buying a new computerised colour printer and taking on two new employees to help to increase sales. *Expresso Printing Ltd* is also aware that the market is becoming far more competitive. Its business customers are cutting back on their spending on advertising and *Expresso Printing Ltd* has many rivals offering similar services.

2 (a) List **three** different ways in which *Expresso Printing Ltd* could advertise for the two new employees.

- 1
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- 2
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- 3
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(3 marks)



2 (b) The following advertisement has been used to attract people to apply for the two new jobs.

Excellent Jobs at Espresso Printing Ltd

Want a great job? Young, fit and keen?

This **must** be the job for you.

Brilliant wages, good holidays and lots of fringe benefits.

Call us on 0119 145256 for more details.

You **know** it makes sense.

Explain **two** features of the advertisement that make it unsuitable.

Feature 1

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Feature 2

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(4 marks)

Extra space

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Question 2 continues on the next page

Turn over ►



2 (c) Explain **two** ways that *Expresso Printing Ltd* could motivate its two new employees.

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(4 marks)

Extra space

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2 (d)

Espresso Printing Ltd is aware that, to remain competitive, it needs to introduce more technology into its production process by buying a new computerised colour printer. The new printer would produce high quality colour posters and leaflets more cheaply which would allow *Espresso Printing Ltd* to reduce its prices.

The new printer would cost a very large sum of money and would double the amount of the loan that *Espresso Printing Ltd* has with the bank. It would, however, be cheaper to run than the company’s present printer.

Using **Item B** and the text above, advise *Espresso Printing Ltd* on whether it should purchase the machine. Give reasons for your advice.

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(9 marks)

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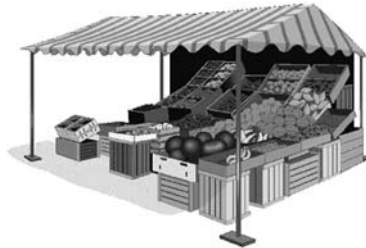
Total for this question: 19 marks

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

Item C

Good for Us

Good for Us grows organic fruit and vegetables which it has been selling from a local market stall for over five years.



Last year it made a good profit but this year its profits have been falling. The prices of *Good for Us* products are a little more expensive than those of non-organic products. Nearby supermarkets are also now selling a much larger range of organic products.

In order to increase its profits, *Good for Us* is considering lowering the prices of all its products.

3 (a) Explain **one** possible reason why the profits of *Good for Us* might have decreased.

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(2 marks)



3 (b) Explain **two** possible effects on *Good for Us* of lowering its prices.

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(4 marks)

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3 (c) *Good for Us* prides itself in providing good customer service.
Explain **two** ways in which *Good for Us* could provide good customer service.

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(4 marks)

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Question 3 continues on the next page

Turn over ►



3 (d)

In order to help increase its profits, *Good for Us* has decided to increase its advertising. It has found out the following information:

- providing leaflets for distribution would cost £500 for 5000 leaflets
- advertising in the local weekly newspaper would cost £1000 (20 000 copies of the newspaper are sold each week).

Recommend which method *Good for Us* should use in order to increase its profits. Give reasons for your recommendation.

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(9 marks)

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| 19 |

END OF QUESTIONS

