Teacher Resource Bank

GCE Business Studies

Additional Specimen Questions

BUSS1: Planning and Financing a Business
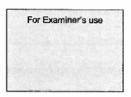
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Centre Number					Candidate Number					
Candidate Signature										

For Examiner's use

General Certificate of Education
Specimen Paper for examinations in 2009 and 2010
Advanced Subsidiary Examination

AQA

ASSESSMENT and
QUALIFICATIONS
ALLIANCE

BUSINESS STUDIES   BUSS1

Unit 1   Planning and Financing a Business

For this paper you must have:
- a calculator.

For Examiner's Use			
Question	Mark	Question	Mark
1			
2			
Total (Column 1)			
Total (Column 2)			
TOTAL			
Examiner's Initials			

Time allowed: 1 hour 15 minutes

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. Answers written in margins or on blank pages will not be marked.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information
- The maximum mark for this paper is 60.
- The marks for questions are shown in brackets.
- Questions 2(b) and 2(c) should be answered in continuous prose. In these questions you will be marked on your ability to use good English, to organise information clearly and to use specialist vocabulary where appropriate.

BUSS 1

Answer **both** questions

1 Study the information and then answer **all** parts of the question that follows.

The Tapas Bar

Hannah and Jonathan discovered the idea of a tapas bar whilst on a business trip to
Barcelona. They both had secure, well-paid jobs working for a leading insurance company.
One evening, their Spanish colleagues had taken them to a tapas bar. Hannah and Jonathan
noticed how popular the bars were with both city workers and tourists and thought that a
tapas bar could be successful in their home city of Leeds.   5

When they returned home, Jonathan conducted some secondary research. He found out that
the market value for the UK restaurant market was £13.25 billion. This represented a
market growth of 19% in the past four years. Furthermore, he contacted the Leeds Chamber
of Commerce, who informed him that the Leeds economy was one of the fastest growing in
the UK.   10

Hannah interviewed some of her work colleagues regarding the idea of a tapas bar. Their
response was enthusiastic as they were always looking for 'something different' either for
lunch or in the evening.

Hannah and Jonathan were convinced that their idea could be a success, so they contacted
their local bank. They spoke to a small business advisor who discussed with them what to   15
include in their business plan. She also recommended that the business should be a private
limited company (ltd).

Hannah and Jonathan planned to spend £200 000 on the tapas bar. They would contribute
£30 000 from their own savings and borrowed the remaining £170 000 from the bank, using
their home as security for the loan.   20

A location was chosen near the Corn Exchange in Leeds city centre. Although the rent was
expensive, there were plenty of restaurants nearby and the location was accessible for both
shoppers and city workers. Hannah's research led them to believe that an average customer
would spend £20. She estimated that the variable costs per customer would be £10 and the
weekly fixed costs £2000.   25

The small business advisor had recommended that Hannah and Jonathan needed to set a
budget. Jonathan used Hannah's primary research findings, combined with some
population statistics from the Leeds Chamber of Commerce to calculate the expected
income. To calculate his expenditure, he obtained some cost data from a friend who ran an
internet café.   30

Hannah and Jonathan gave up their jobs and hired a full-time chef and two part-time
waitresses. Despite all their planning, the business struggled during its first weeks of
trading. A rival tapas bar had opened a month earlier and had captured the market. As a
consequence, the business was earning insufficient revenue to cover its costs.
Consequently, the figures for their budget were wildly inaccurate. Furthermore, one of their 35
suppliers proved to be unreliable, which meant that on many occasions a full menu could
not be offered. Whilst conducting his research, Jonathan had discovered that one in every
two restaurant start-ups fail – was the tapas bar heading the same way?

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Question One

You are advised to spend no more than **20 minutes** on this section.

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1 (a) Identify **two** reasons for Hannah and Jonathan wanting to own their own business.

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(2 marks)

Extra space ....

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1 (b) What is meant by the term 'secondary research'? (line 6)

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(2 marks)

Extra space ....

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1 (c) State **two** non-financial items that might be included in Hannah and Jonathan's business plan.

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(2 marks)

Extra space ....

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1 (d) Calculate how many customers the Tapas bar needs to break even each week.

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(4 marks)

Extra space ....

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AQA

1 (e) The UK restaurant market is worth £13.25 billion. If it is expected to grow by 5% next year, calculate its market value.

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(4 marks)

Extra space ....

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Question 1 continues on the next page

1 (f) Explain **two** factors that Hannah and Jonathan might have considered in their choice of staff.

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(6 marks)

20

Extra space ....

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AQA

Question Two

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2 (a) Analyse **two** possible limitations of Hannah's primary research.

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(10 marks)

2 (b) To what extent do you think a good location for Hannah and Jonathan's restaurant is likely to guarantee business success?

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AQA

2 (c) Hannah considered that the inaccuracy of their budget was due to their lack of business experience. To what extent do you agree with this view?

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(15 marks)

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Extra space ....

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END OF QUESTIONS

AQA

General Certificate of Education

Business Studies

Unit 1 (BUSS1): Planning and Financing a Business

Specimen Mark Scheme

	Assessment Objectives
	The Assessment Objectives represent those qualities which can be demonstrated in candidates' work and which can be measured for the purposes of assessment.
AO1	Demonstrate knowledge and understanding of the specified content.
AO2	Apply knowledge and understanding to problems and issues arising from both familiar and unfamiliar situations.
AO3	Analyse problems, issues and situations.
AO4	Evaluate, distinguish between and assess appropriateness of fact and opinion, and judge information from a variety of sources.
Quality of Written Communication	The GCE Qualification Criteria require GCE specifications which require candidates to produce written material in English to: • ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear • select and use a form and style of writing appropriate to purpose and to complex subject matter • organise information clearly and coherently, using specialist vocabulary when appropriate. In this specification QWC will be assessed in all units by embedding QWC in Assessment Objective 4 (AO4).

AQA

1   **Total for this question: 20 marks**

(a)   Identify **two** reasons for Hannah and Jonathan wanting to own their own business.

(2 marks)

	Content 2 marks
Level 2	**2 marks** Candidate identifies two motives
Level 1	**1 mark** Candidate identifies one motive

Motives could include:

- to be their own boss
- to exploit a gap in the market
- to keep all the profits
- to market an innovative product.

(b)   What is meant by the term 'secondary research'? (line 6)   (2 marks)

	Content 2 marks
Level 2	**2 marks** Candidate demonstrates good understanding of term
Level 1	**1 mark** Candidate demonstrates some understanding of term

Secondary research is the use of marketing information that has already been collected for a different purpose.

(c)   State **two** non-financial items that might be included in Hannah and Jonathan's business plan.
                                                                                    (2 marks)

	Content 2 marks
Level 2	**2 marks** Candidate identifies two non-financial items
Level 1	**1 mark** Candidate identifies one non-financial item

Relevant answers might include the following:

- the business idea
- qualifications and relevant experience
- resources required
- market research findings.

(d)   Calculate how many customers the Tapas bar needs to break even each week.   (4 marks)

	Content 2 marks	Application 2 marks
Level 2	**2 marks** Candidate shows good understanding of break even	**2 marks** Candidate calculates break-even quantity successfully
Level 1	**1 mark** Candidate shows some understanding of break even	**1 mark** Candidate makes limited attempt to calculate break even

Relevant answers might include the following:

Break even = $\dfrac{\text{Fixed costs}}{\text{Contribution per unit}}$ $= \dfrac{2000}{(20-10)}$ = 200 customers

AQA

(e) The UK restaurant market is worth £13.25 billion. If it is expected to grow by 5% next year, calculate its market value. (4 marks)

	Content 2 marks	Application 2 marks
Level 2	2 marks Candidate demonstrates good understanding of market value	2 marks Candidate calculates market value successfully
Level 1	1 mark Candidate shows limited understanding of market value	1 mark Candidate makes limited attempt to calculate market value

Market value is the total sales revenue of a market.

Current market value	= £13.25 billion
5% of 13.25	= 0.66 (2 decimal points)
Market value next year	= £13.91 billion

(f) Explain **two** factors that Hannah and Jonathan might have considered in their choice of staff. (6 marks)

	Content 2 marks	Application 4 marks
Level 3		4 marks Candidate applies answer effectively to scenario
Level 2	2 marks Candidate identifies two factors	3–2 marks Candidate shows some application to scenario
Level 1	1 mark Candidate identifies one factor	1 mark Candidate attempts to explain a factor with limited application to scenario

Relevant factors could include:

- whether to employ staff full-time, part-time or on a temporary basis
- relevant experience
- how many staff would be required
- wage costs.

2   **Total for this question: 40 marks**

(a)   Analyse **two** possible limitations of Hannah's primary research.   **(10 marks)**

	Content 3 marks	Application 3 marks	Analysis 4 marks
Level 3	**3 marks** Candidate shows good understanding of primary research **and** identifies a relevant limitation **or** two relevant limitations and limited understanding		
Level 2	**2 marks** Candidate shows good understanding of primary research **or** identifies two relevant limitations **or** identifies one limitation plus limited understanding	**3 marks** Candidate applies answer effectively to scenario	**4–3 marks** Candidate shows sound analysis of the limitations
Level 1	**1 mark** Candidate shows limited understanding of primary research **or** identifies one limitation	**2–1 marks** Candidate makes limited attempt to apply answer to scenario	**2–1 marks** Candidate shows limited analysis of the limitations

Primary research is the collection of information first hand for a specific purpose.

Relevant answers could include:

- sample size was too small
- was the sample representative of the target market?
- how useful were the questions that Hannah asked?
- would Hannah's colleagues only give positive answers so not to discourage her?

AQA

(b) To what extent do you think a good location for Hannah and Jonathan's restaurant is likely to guarantee business success?   (15 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks
Level 3	**3 marks** Candidate shows good understanding of location **and** identifies a relevant locational factor **or** two relevant factors and limited understanding		
Level 2	**2 marks** Candidate shows good understanding of location **or** identifies two relevant factors **or** identifies one factor plus limited understanding	**3 marks** Candidate applies answer effectively to scenario	**4–3 marks** Candidate shows sound analysis
Level 1	**1 mark** Candidate shows limited understanding of location **or** identifies one factor	**2–1 marks** Candidate makes limited attempt to apply answer to scenario	**2–1 marks** Candidate shows limited analysis

Relevant answers might include:

- to ensure there is lots of passing trade
- accessible for both customers and suppliers
- located next to similar businesses
- cost of rent and business rates
- success is also due to factors such as food quality, décor, customer service and marketing
- external issues such as competition and the state of the economy also determine success.

Level	Descriptor	Marks
E3	Candidate offers judgement plus full justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communications.	5–4
E2	Candidate offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are some errors in accepted conventions of written communications.	3–2
E1	Candidate offers undeveloped judgement based on evidence. Ideas are communicated in a simplistic way with limited use of technical terms. There are noticeable errors in accepted conventions of written communications.	1

(c) Hannah considered that the inaccuracy of their budget was due to their lack of business experience. To what extent do you agree with this view? (15 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks
Level 3	**3 marks** Candidate shows good understanding of budgets **and** identifies a relevant reason **or** two relevant reasons and limited understanding		
Level 2	**2 marks** Candidate shows good understanding of budgets **or** identifies two relevant reasons **or** identifies one reason plus limited understanding	**3 marks** Candidate applies answer effectively to scenario	**4–3 marks** Candidate shows sound analysis
Level 1	**1 mark** Candidate shows limited understanding of budgets **or** identifies one reason	**2–1 marks** Candidate makes limited attempt to apply answer to scenario	**2–1 marks** Candidate shows limited analysis

Relevant answers might include:

A budget is a forward financial plan.

Their lack of business experience contributed in terms of:

- having never run a tapas bar before (they both worked in insurance)
- limited primary research (asking a few of Hannah's friends plus Jonathan obtaining cost data from an internet café)
- limited secondary research (only using population statistics).

However, other factors also contributed such as:

- the rival tapas bar opening a month earlier
- unreliable supplier.

Level	Descriptor	Marks
E3	Candidate offers judgement plus full justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communications.	5–4
E2	Candidate offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are some errors in accepted conventions of written communications.	3–2
E1	Candidate offers undeveloped judgement based on evidence. Ideas are communicated in a simplistic way with limited use of technical terms. There are noticeable errors in accepted conventions of written communications.	1

AQA