

Surname _____

Other Names _____

Centre Number _____

For Examiner's Use

Candidate Number _____

Candidate Signature _____

ASSESSMENT AND QUALIFICATIONS ALLIANCE

**General Certificate of Secondary Education
June 2010**

Business Studies

Unit 1 Setting up a Business

413001

Friday 28 May 2010 1.30 pm

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

TIME ALLOWED

- **1 hour plus your additional time allowance.**

At the top of the page, write your surname and other names, your centre number, your candidate number and add your signature.

[Turn over]

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INSTRUCTIONS

- **Use black ink or black ball-point pen.**
- **Answer ALL questions.**
- **You must answer the questions in the spaces provided.**
- **Do all rough work in this answer 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).**

DO NOT TURN OVER UNTIL TOLD TO DO SO

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. [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. [4 marks]

Benefit 1 _____

Benefit 2 _____

[Question 1 continues on the next page]

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.

[6 marks]

Method 1 _____

Explanation _____

Method 2 _____

Explanation _____

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. [9 marks]

[You may continue your answer on the next page]

[Turn over for the next question]

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. [3 marks]

1 _____

2 _____

3 _____

[Question 2 continues on the next page]

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

**EXCELLENT JOBS AT EXPRESSO
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. [4 marks]

Feature 1 _____

Feature 2 _____

2 (c) Explain TWO ways that Espresso Printing Ltd could motivate its two new employees. [4 marks]

[Question 2 continues on the next page]

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. [9 marks]

[Turn over]

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. [2 marks]

3 (b) Explain TWO possible effects on Good for Us of lowering its prices. [4 marks]

[Question 3 continues on the next page]

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.
[9 marks]**

[You may continue your answer on the next page]

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Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	

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