



Please write clearly in block capitals.

Centre number

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Candidate number

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Surname

Forename(s)

Candidate signature

GCSE BUSINESS STUDIES (SHORT COURSE)

Unit 13 Business Start Up

Wednesday 25 May 2016

Morning

Time allowed: 1 hour

Materials

For this paper you may use:

- A calculator.

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 each question are shown in brackets.
- The maximum mark for this paper is 40.
- 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).



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

Total marks for this question: 21 marks

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

Item A

Cupcake Joy



Cupcake Joy was started by housewife Vanessa Naylor in 2005, with the objective of earning a profit of £3000 per year by working part-time. Based at home, Vanessa has been successfully supplying high-quality cupcakes to local customers for weddings and birthday parties. As Vanessa has gained customers, it has been increasingly difficult to actually produce enough cupcakes at home. With ingredients and packaging piled up around Vanessa's house, production is becoming very inefficient.

Now that her husband has retired, Vanessa wants to expand her business and has decided to hire a small local industrial unit where she plans to bake and decorate her cakes. She will form a private limited company and take on a school leaver to help, full-time, with the production of the cakes. Vanessa plans to pay her trainee the minimum wage because she needs to keep her costs as low as possible. However, since the work will be fairly simple and very repetitive, Vanessa is worried about how to motivate the trainee.



1 (a) Describe **one** reason why businesses set objectives.

[2 marks]

Extra space _____

1 (b) Explain **one** benefit to Cupcake Joy of improving its efficiency in producing its cupcakes.

[4 marks]

Extra space _____



1 (c) Explain **two** reasons why Vanessa may have decided to convert to a private limited company.

[6 marks]

Reason 1 _____

Extra space _____

Reason 2 _____

Extra space _____



- 1 (d)** Vanessa is trying to work out the best way to motivate her trainee. She is considering:
- paying the trainee's course fees for a part-time catering course at the local college
- or
- giving the trainee a £20 bonus each time one of their batches of cakes generates repeat business from a new customer.

What is the best way to motivate the trainee? Justify your answer.

[9 marks]



Extra space _____

21



Turn over for the next question

**DO NOT WRITE ON THIS PAGE
ANSWER IN THE SPACES PROVIDED**



Turn over ►

Total marks for this question: 19 marks

2

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

Item B

Start-up music



Entrepreneur Mike Cox was worried about youth unemployment and the lack of leisure activities for young people in his local area. He decided that starting a social enterprise could help solve these problems. He was encouraged when he saw a leaflet about local government grants. They offered up to £5000 to a limited number of small businesses in his area who could prove that they would create local jobs. Mike's plan is to start a social enterprise that arranges concerts for local DJs to help them reach a wider audience. He believes that this will give youngsters something to do and will create employment opportunities for local DJs. Mike plans to run 24 events in the first year of the business. He organised a focus group among a few friends and got a generally positive response.

Table 1: Additional research information

What was asked	Most common response
How much would you pay to come to an event featuring local DJs?	£5
How many people would be expected to attend each event?	180
How would you expect to hear about events?	Social media such as Twitter

Despite the findings from his market research, Mike decided not to use Twitter to promote the events – he will use posters in the local area instead. He must now decide how to raise the estimated £5000 he believes he will need to equip an office in his rented flat and fund the initial marketing of the business. He insists that he wants to run the business as a sole trader and has already asked friends and family for loans – but with no success.



2 (a) Explain what is meant by a 'focus group'.

[2 marks]

Extra space _____

2 (b) Using **Item B**, calculate the total revenue that Mike should expect in his first year.

[3 marks]

Total revenue _____

Workings _____



2 (c) Explain why Mike may have chosen to use posters instead of internet promotion, such as Twitter, to advertise the events he is going to organise.

[5 marks]

Extra space _____



2 (d) Mike is considering whether to arrange a bank loan or to apply for a grant in order to finance his social enterprise.

Which is the better source of finance for Mike? Justify your answer.

[9 marks]



Extra space _____

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END OF QUESTIONS

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