

Surname					Other Names				
Centre Number					Candidate Number				
Candidate Signature									

For Examiner's Use

General Certificate of Secondary Education
June 2008

BUSINESS STUDIES SPECIFICATION B **3133/9/1H**
BUSINESS STUDIES SPECIFICATION B (SHORT COURSE)
Paper 1
Higher Tier



H

Friday 23 May 2008 9.00 am to 10.15 am

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

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 94.
Four of these marks are for the Quality of Written Communication.
- The marks for questions are shown in brackets.
- You should use examples wherever appropriate to support your explanations or argument.
- You are reminded of the need for good English and clear presentation in your answers. All questions should be answered in continuous prose. Quality of Written Communication will be assessed in all answers.

For Examiner's Use			
Question	Mark	Question	Mark
1		9	
2		10	
3			
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Total (Column 1) →			
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Quality of Written Communication			
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Examiner's Initials			



Answer **all** questions.

Read and use **Data A** to help you answer Questions 1 to 4.

Data A

Vanessa had been good at Art when she was at school. She had been involved in running a mini-enterprise as part of her Business Studies course. The business made candles. Vanessa had been surprised by the variety of different customers who placed orders with her. When she left school, Vanessa still had the candle-making equipment at home. This seemed like an ideal opportunity to get started and to achieve her ambition of running her own business.

Vanessa decided to work from home, where there was a small shed in which she could keep the equipment and process her orders. She contacted local churches and other places of worship. These customers soon started placing regular orders and this allowed her business, which she decided to call *Candles-4-all*, to make a small profit. When Vanessa had considered starting her own business, she had decided that she wanted to be a sole trader.

1 Explain **two** possible disadvantages to Vanessa of being a sole trader.

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2 Explain how Vanessa’s objectives might have changed since starting her business.

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Turn over for the next question

Turn over ▶



3 Vanessa considered expanding and moving *Candles-4-all* into the local business park. She believed that the local community would welcome this expansion and the external benefits that it would bring.

Explain what is meant by ‘external benefits’. Use the possible expansion of *Candles-4-all* in your answer.

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Read and use **Data B** to help you answer Questions 5 to 7.

Data B

After three years of working from home, Vanessa did decide to expand her business. She now rents a small industrial unit at the local business park. She has continued to concentrate on supplying candles to churches and places of worship but is finding it increasingly hard to compete with cheap foreign imports. As a result of this, she is considering also producing more expensive floating and scented candles. This would allow her to target different market segments. In addition, she is also thinking about selling in Europe.



5 Before making a decision on selling in Europe, Vanessa has decided to undertake some desk research.

Explain the suitability of desk research in helping Vanessa to make her decision.

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7 If Vanessa decides to launch her new range of floating and scented candles she will have to consider who her new customers are likely to be.

She could either aim her products at the market as a whole or she could choose to target certain market segments.

Compare the advantages and disadvantages of targeting different market segments and advise Vanessa whether or not she should target different market segments or the market as a whole.

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Read and use **Data C** to help you answer Questions 8 and 9.

Data C

Vanessa has just received her latest set of accounts.
A summary of these accounts is set out below.

**Profit and Loss Account
For the year ended 31 March 2008**

Sales Revenue	£120 000
Gross Profit	£40 000
Expenses	£30 400
Net Profit	£9 600

**Balance Sheet
As at 31 March 2008**

Fixed Assets	£30 000
Stock	£25 000
Debtors	£10 000
Cash	£5 000
Current Liabilities	£20 000
Capital Employed	£50 000

- 8 Calculate the following ratios for Vanessa's business. You should show all your working.
- 8 (a) Net Profit to Sales Ratio

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8 (b) Acid Test Ratio

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Question 8 continues on the next page

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8 (c) Comment on the figures shown in the accounts.
Discuss whether or not Vanessa should be pleased with the results.
Give reasons for your answer.

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9 In order to produce the new floating and scented candles, Vanessa needs to buy additional equipment. This will cost £10 000.

Explain **one** internal and **one** external source of finance that could be used to purchase the new equipment.

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Read and use **Data D** to help you answer Question 10.

Data D

The market that Vanessa is entering, with her floating and scented candles, is very competitive. She currently has a very good reputation for the quality of her existing products. This gives her some confidence in getting herself established in the new market.

One of her concerns is ensuring that she has an efficient system of quality control. She still checks each batch of products herself as her method of quality control.



There are no questions printed on this page

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ANSWER IN THE SPACES PROVIDED**

