Surname				Other	Names			
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For Examiner's Use

General Certificate of Secondary Education June 2008

# BUSINESS STUDIES SPECIFICATION B Paper 3 Higher Tier





Monday 16 June 2008 1.30 pm to 2.45 pm

You will need no other materials.

Time allowed: 1 hour and 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 arguments.
- 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.

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Question	Mark	Question	Mark
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3		8	
4		9	
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## Answer all questions.

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

#### Data A

Peter Jackson is a sole trader who owns *Tall Trees*. It is a successful garden centre that he has built up and expanded over the past ten years. It sells a variety of plants, garden tools, fertiliser, and other gardening accessories. The plants are grown on site and other products are bought from trade suppliers.

Peter has recently obtained planning permission from the local council to build a café. He thinks that this will greatly increase the sales revenue of *Tall Trees*. He has estimated that it will cost £180 000 to build and equip the café. His accountant has advised him to consider turning *Tall Trees* into a private limited company.

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ise him on which method	uld raise the finance. Advi	ways in which Peter countries your advice.	
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Peter first y	s accountant has advised him to produce a detailed business plan for the new café's ear of operation.
(a)	Describe <b>two</b> important parts of a business plan.
	(4 mark
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(8 m
(Extra space)

12

Turn over ▶



Compare one a	dvantage and <b>one</b> disadvantage of using penetration pric	ing in the new cafe
Advise Peter w	hether or not he should use this method of pricing.	
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Read and use **Data B** to help you answer Questions 5 to 10.

## Data B

When Peter first opened *Tall Trees*, his business objectives were to survive the first six months and to break even by the end of the first year. With the addition of the café in the near future, he realises that he will need to set new objectives. One of these objectives is the growth of the business.

5	Explain why it is important for a business to set objectives.
	(4 marks)
	(Extra space)



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	Discuss <b>two</b> suitable methods that Peter could use to advertise for these staff. Recommend and justify which method(s) he should use.
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Peter knows that he will need to train the three full-time and the six part-time staff he recruits for the café. He could carry out on-the-job training or off-the-job training so that the new recruits have the necessary skills.

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E	Discuss how the reactions of competitors might affect the success of the new café. Explain which reaction, in your opinion, will have the greatest impact on the new café.								
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P	Explain <b>two</b> ways in which <i>Tall Trees</i> might be affected by the factory closures. Advise Peter on whether or not he should still continue with his plans to open the café.
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END OF QUESTIONS













