

Surname		Other Names	
Centre Number		Candidate Number	
Candidate Signature			

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General Certificate of Secondary Education
June 2003



BUSINESS STUDIES SPECIFICATION B 3133/9/1F
BUSINESS STUDIES SPECIFICATION B (SHORT COURSE)
Foundation Tier
Paper 1

F

Thursday 12 June 2003 9.00 am to 10.15 am

In addition to this paper you will require:
a case study booklet (enclosed).
You may use a calculator.

For Examiner's Use			
Number	Mark	Number	Mark
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
Total (Column 1)	→		
Total (Column 2)	→		
Quality of Written Communication			
TOTAL			
Examiner's Initials			

Time allowed: 1 hour 15 minutes

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions in the spaces provided.
- Do all rough work in this book. Cross through work you do not want marked.

Information

- The maximum mark for this paper is 105.
- Mark allocations are shown in brackets.
- You should use examples wherever appropriate to support your explanations or argument.
- In addition to the mark allocations indicated within the paper, you will be awarded up to 5 marks for your ability to organise and present information, ideas, descriptions and arguments clearly and logically. Account will be taken of your use of grammar, punctuation and spelling.

Advice

- Read the case study before attempting to answer the questions.

3 Using examples, explain the terms:

(a) *start-up costs*;

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(4 marks)

(b) *running costs*.

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(4 marks)

8

4 In Jo’s business plan, she has identified personal details, a breakdown of costs, a break-even analysis and market research data. Describe **three** other items Jo needed to include in her business plan.

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(6 marks)

6

TURN OVER FOR THE NEXT QUESTION

Turn over ►

5 Jo estimated that her fixed costs for the first six months of operation would be £15 000. The variable costs per tie averaged £2, and Jo set a selling price to the agency of £5 per tie. Showing your working, calculate Jo’s break-even for her first six months in operation.

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(8 marks)



General Certificate of Secondary Education
June 2003



BUSINESS STUDIES SPECIFICATION B 3133/9/1
BUSINESS STUDIES SPECIFICATION B (SHORT COURSE)
Paper 1

F&H

Thursday 12 June 2003 9.00 am to 10.15 am

CASE STUDY BOOKLET

Read this case study before attempting to answer the questions.



Data A

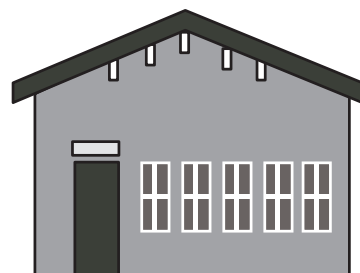
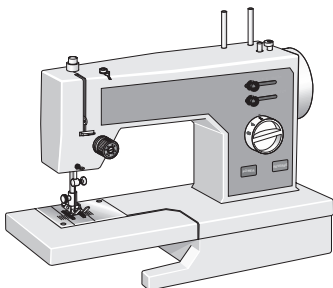
Jo Clarke is a highly skilled and experienced clothes designer and machinist. After 15 years in the clothing manufacturing industry, Jo decided that she wanted to run her own business. She had spotted a gap in the market for designing and making high quality, expensive, hand made silk ties. These would be sold through small, exclusive men's fashion shops across the country. Jo planned to hire an agency to sell the ties direct to these shops, while she concentrated on design and manufacturing.

Before setting up, Jo decided to carry out extensive market research. She knew this would be important data to include in her business plan. Jo also planned to include a detailed breakdown of the likely start-up and running costs, as well as a break-even analysis. Her costs included the rent for a small workshop and the purchase of some equipment.

To start with, Jo planned to buy pre-printed silk to make the ties. Later, she hoped to design her own silk. As Jo would be the only worker for the first few months, the wage bill would be low while she increased orders for the ties.

Jo knew, however, that there were risks starting any business, especially as she was starting as a sole proprietor. She had savings of £15 000 to invest in the business. Her bank agreed a start-up loan of £20 000 with an overdraft facility of £2000.

Jo started trading in March 1998. She set herself a target to break-even by the end of her first six months in operation. By the end of her first year in business she also hoped to make a small profit.





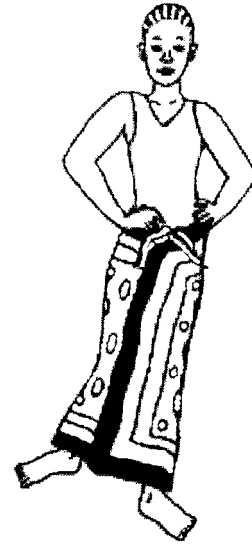
Data B

By August 1999, Jo was receiving enough orders to employ three part-time workers and to buy extra equipment. This allowed her to start designing her own patterns for the silk which she then sent to a specialist firm for printing. She hoped that this would make her ties more exclusive and would start to improve profitability.

Employing the part-time workers also meant that each worker could specialise in one of the three parts of the production process, cutting, shaping or sewing. Having more workers improved her efficiency but she had to consider how to monitor the quality of the ties.



Turn over ►



Data C

By the end of March 2003, Jo was able to report record profits to her bank manager. She had received orders that would keep her newly expanded workforce of eight full-time staff busy for the next six months. Jo wanted to help the business to continue to grow and to increase profitability still further. Expansion plans included moving to a bigger workshop, introducing a new product range of scarves and sarongs for women, and opening a small factory shop next to the workshop.

Estimates for these plans suggested that Jo would need to invest £100 000. Retained profit available for reinvestment amounted to £20 000. Jo had paid back her start-up loan so she could approach the bank for a new loan. Alternatively, Jo wondered whether it was time to bring in capital from someone else by forming either a partnership or a private limited company.