

General Certificate of Secondary Education
June 2004



BUSINESS STUDIES SPECIFICATION B 3133/9/2
BUSINESS STUDIES SPECIFICATION B (SHORT COURSE)
Paper 2

F&H

Monday 21 June 2004 1.30 pm to 2.30 pm

CASE STUDY BOOKLET

Read this case study before attempting to answer the questions.

Data 1

A conversation between Billy Thomas and Jenny Wilson, a friend who is also a partner in her family's building business.



So, are you enjoying your free time then, Billy?

It's nice being in control of my time, but I don't like sitting around doing nothing.



Well, there's always a job for you with our business, Billy. We are always struggling to get skilled workers and the pay isn't bad at £8 per hour.

That's reassuring to know, Jenny, but I fancy starting my own business.



Can you afford to start your own business? You don't want to risk all your redundancy money.

I know. My wife has already made that point on quite a few occasions!



Are you sure there is enough work out there to go it alone?

I think so, but I could always do a bit of work for you if things were slack. I might want more than £8 per hour though.



Hmmm, I'd have to think about that.

Data 2**Billy's projected profit and loss account for the first year**

Before seeing the business adviser, Billy drew up an estimate of his profit and loss account for the first year.

	£	£
Sales revenue		25 000
Cost of sales		5 000
		—————
Gross profit		20 000
<i>Less Expenses</i>		
Advertising	400	
Telephone	200	
Van Servicing	500	
Diesel	1000	
General expenses	200	2 300
		—————
Net profit		17 700
		—————

Data 3**Estimated start-up costs for Billy**

Billy also looked at his start-up costs before seeing the business adviser.

Purchase of second-hand van	£5 000
Advertising	£2 000
Purchase of tools and other equipment	£5 000
Other vehicle costs	£500
Public liability insurance	£150

Turn over ►

Data 4**Extract from an article in the local newspaper following a visit to a local college
by a junior government minister for employment**

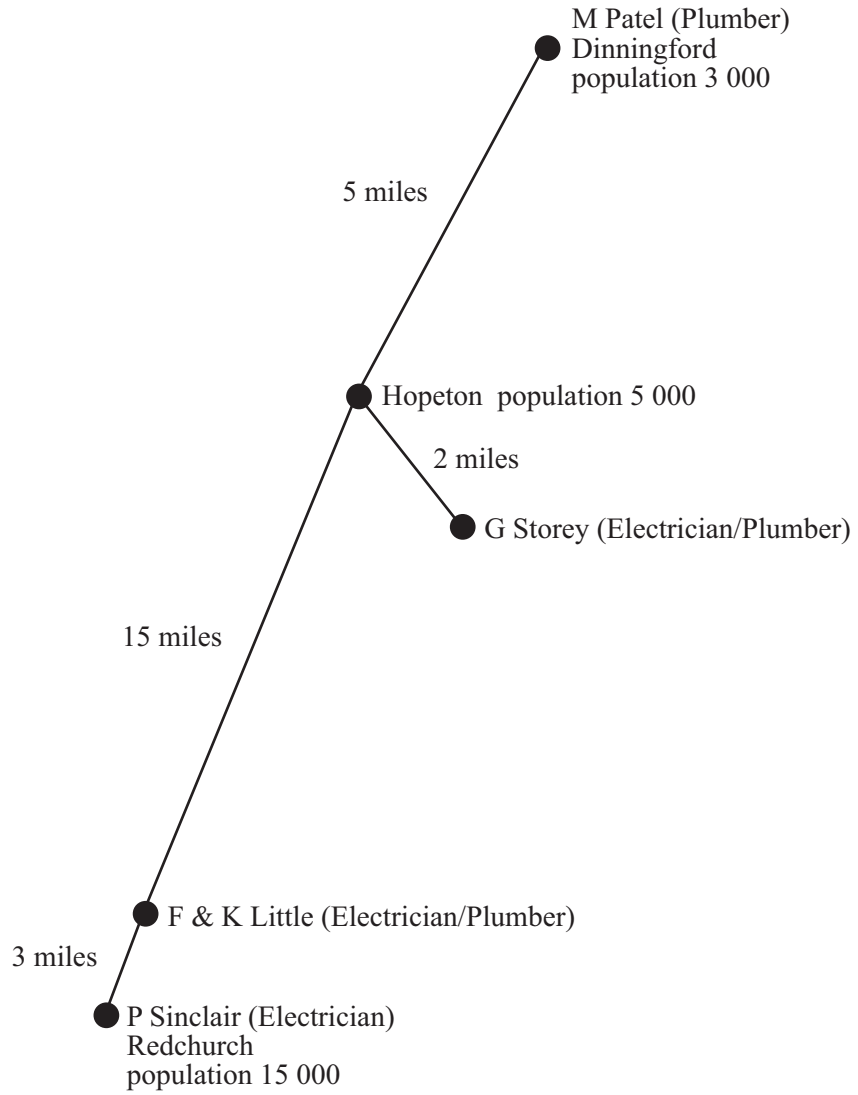
Mr Brown, the government's junior Minister for Employment, yesterday visited Hopeton College. He opened the excellent new facilities and looked at the courses available for the unemployed. At the visit he stated that:

“The government is very aware of the skills shortage in certain vital occupations, particularly in certain parts of the country. As a result we are pleased to announce a new scheme that will pay small businesses a large grant to train young workers. The simple fact is that unless you are a member of a family business, it is very difficult to get the on-the-job training that is essential to these trades. This scheme will provide us with our bricklayers, plumbers, electricians, plasterers and decorators of the future.”



Data 5

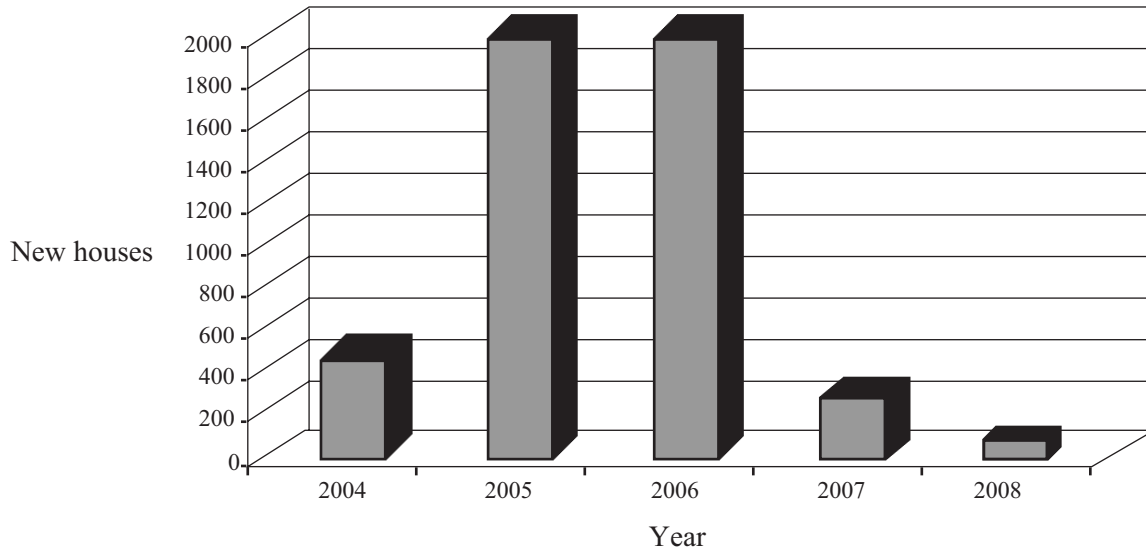
Location of the nearest electricians/plumbers to Billy



Turn over ►

Data 6

Development plan for new housing in Hopeton



Data 7**A letter to Billy from the local bank manager****First National Bank**

Hopeton Branch
25 New Street
Hopeton
HP1 1AB

Tel: 01234 567890

Fax: 01234 567899

Mr B Thomas
16 Redfield Road
Hopeton
HP6 6AB

Dear Mr Thomas

I note that you have made a large deposit of £25 000 into your current account. This is probably not the most profitable place to put such an amount of money. I would strongly advise you to arrange an appointment at the branch to discuss the matter.

Should you be intending to invest the money into a business venture, can I also point out that we offer excellent advice to small businesses as well as competitive interest rates on any loans you may be considering.

I look forward to hearing from you in the near future.

Yours sincerely



Mrs B V Lyons
Branch Manager

Turn over ►

Data 8**Other financial information**

	£
Billy's redundancy payment	25 000
Billy's savings	4 000
Average cost of rewiring a 3 bedroom semi-detached house in the UK	1 500
Average emergency call-out charge for a plumber or electrician in the UK (Including the first 15 minutes)	70
Average hourly rate charged by an electrician/plumber	12

Comments made by Billy's wife Eve to a friend

"I am slightly worried about these plans of Billy's. He has never run the house finances; that has always been my job. Also, because he has been made redundant and I work only part-time for a local IT firm, I was hoping we would spend more time together. I've asked Martin, my boss, and he says a lot of small businesses fail to survive their first year!"

Data 9**Market Research Data**

Billy's daughter Rachel is studying for her GCSEs and carried out a questionnaire as part of her Business Studies course. She hoped it would help Billy. The results are shown below.

1. How old are you?

12 – 16	30
17 – 18	10
19 – 25	10
26+	20

2. How often does a plumber or electrician have to visit your house?

Never	15
Once a year	40
A few times a year	10
Several times a year	5

3. Where would you find out about local electricians and plumbers?

Yellow pages	25
Word of mouth	40
Newspapers	5

4. How far do you live from Hopeton?

Live in Hopeton	50
0 – 5 miles from Hopeton	15
5+ miles from Hopeton	5

5. What do you think is a fair wage for skilled workers like electricians and plumbers?

£5 per hour	5
£10 per hour	10
£15 per hour	55

END OF CASE STUDY

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