

**GCSE (FOUNDATION TIER)
BUSINESS STUDIES A (Short Course)**

Paper 1

THURSDAY 14 JUNE 2007

F 1051/1

Afternoon

Time: 1 hour 30 minutes

No additional materials are required.



Candidate
Name

Centre
Number

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Candidate
Number

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INSTRUCTIONS TO CANDIDATES

- Write your name, Centre Number and Candidate number in the boxes above.
- Answer **all** the questions.
- Use blue or black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- Do **not** write in the bar code.
- Do **not** write outside the box bordering each page.
- The spaces should be sufficient for your answers but if you require more space use the lined pages at the end of the booklet and number your answers carefully.

INFORMATION FOR CANDIDATES

- The number of marks for each question is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is 100.
- The quality of your written communication will be taken into account in marking your answer to the question labelled with an asterisk (*).
- You may use an approved calculator.

For Examiner's Use	
Question 1	
Question 2	
Question 3	
Question 4	
Total	

This document consists of **13** printed pages, **2** lined pages and **1** blank page.

- 1 Louis, assisted by his wife Jenny, has started a new business making and selling costumes for cats and dogs. (A fancy dress shop for cats and dogs!) Louis found the idea on a trip to America where this type of business is very popular. The new business is called ANIMO and it is run as a sole trader. It also offers grooming facilities and coats and accessories for cats and dogs.



- (a) (i) Identify two advantages to Louis of operating ANIMO as a sole trader.

1 _____

2 _____ [2]

- (ii) Louis has unlimited liability. Explain the meaning of 'unlimited liability'.

_____ [2]

- (iii) Identify two possible stakeholders in ANIMO.

1 _____

2 _____ [2]

- (iv) For each of the stakeholders you have chosen in (a)(iii), explain why they have an interest in ANIMO and the products and services it offers to animals and their owners.

Stakeholder _____

Explanation _____

Stakeholder _____

Explanation _____

_____ [4]

(iii) Explain **two** advantages to ANIMO of renting space inside a larger pet superstore.

1 _____

2 _____

[6]

[Total: 24]

2 (a) Before starting ANIMO, Louis carried out some market research.

(i) State **two** likely reasons why Louis carried out some market research.

1 _____

2 _____ [2]

(ii) Louis used secondary information to help him with the market research.

Explain **one** way in which he would have used ICT (Information and Communication Technology) to help get the secondary information.

_____ [3]

5
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PLEASE TURN OVER FOR QUESTION 2(b)

(b) Figs 1–4 show some of the results of Louis' research from 100 people in the pet superstore who own a cat and/or a dog.

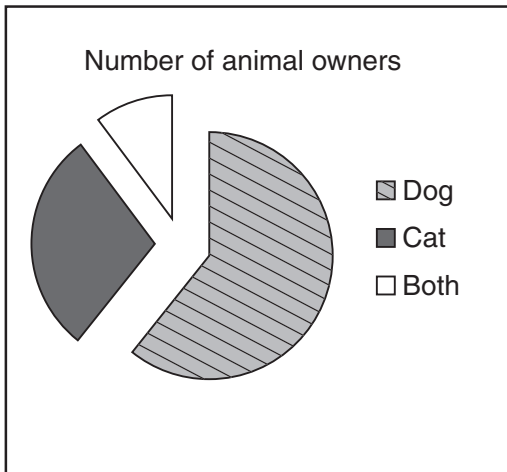


Fig. 1

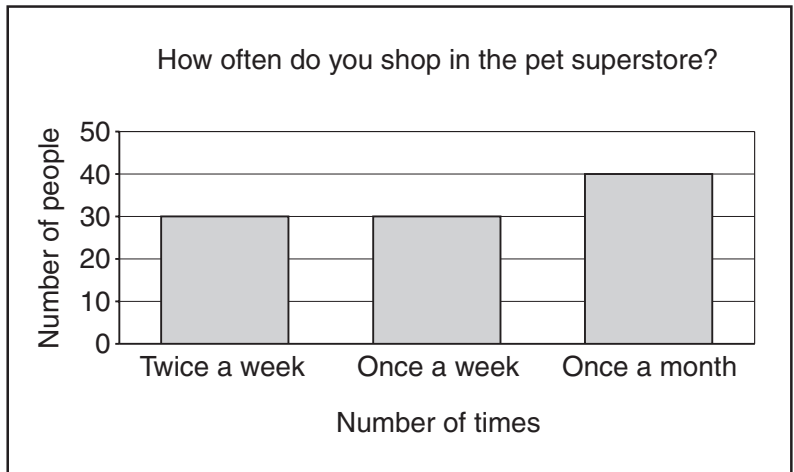


Fig. 2

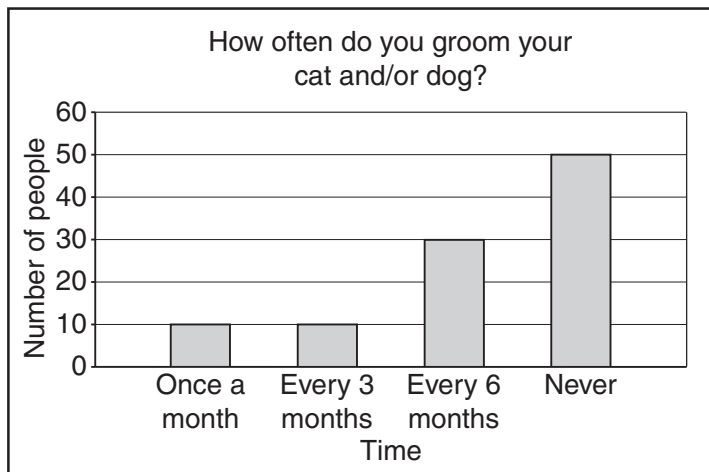


Fig. 3



Fig. 4

(i) Using Fig. 1, state which animal is owned by over 50% of those asked.

_____ [1]

(ii) Using Fig. 2, calculate how many people shop in the pet superstore **at least** once a week. Show your working.

_____ [2]

(iii) Fig. 3 shows the results for the question 'How often do you groom your cat and/or dog?' Explain why Louis may have thought this was a useful question to ask before starting ANIMO.

[3]

(iv) Using Fig. 4, state the **two** products or services customers are **most** likely to buy.

1 _____

2 _____ [2]

*(v) Explain how useful the information in Figs 1–4 will be to Louis when deciding how to **advertise ANIMO**.

_____ [8 + 2]

(c) Louis has decided to employ an assistant to help in the shop on Saturdays.

Explain **one** type of training that Louis could use to help the assistant.

_____ [3]

3 ANIMO uses a factory in France to make the fancy dress outfits. Each outfit is made to the customer's own requirements.

(a) (i) Explain what method of production is likely to be used to make the fancy dress outfits. Give reasons for your answer.

Method _____

Explanation _____

_____ [3]

(ii) The factory in France has to be paid in euros. Explain **one** reason why this might be a disadvantage to ANIMO.

_____ [3]

(iii) Other than paying in euros, explain **two** disadvantages to ANIMO of using a factory in France to make the fancy dress outfits.

1 _____

2 _____

_____ [4]

(b) The factory in France employs 10 people in the **Production Department**. A **part** of the organisation chart for the factory is shown in Fig. 5 below.

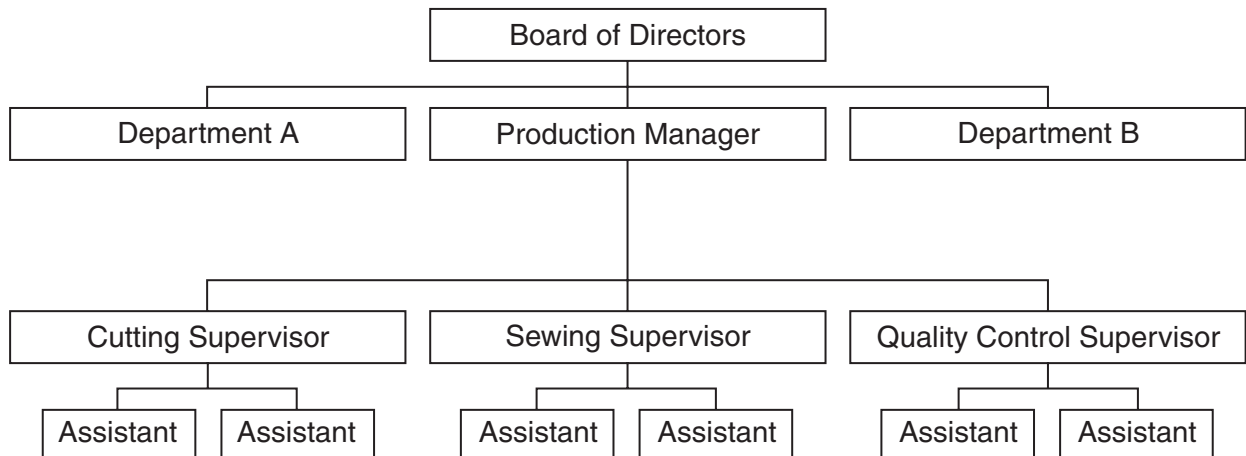


Fig. 5

(i) Using Fig. 5, explain **two** likely functions of the Production Manager.

1 _____

2 _____

 _____ [4]

(ii) Identify **two** other departments the factory may have (shown as Department A and Department B in Fig. 5).

Department A _____

Department B _____ [2]

(iii) Choosing from the list below, tick **two** boxes which **best** describe the duties of a Quality Control Supervisor.

Duties	Tick
Checks standards are maintained	
Buys good quality raw materials	
Designs quality fancy dress costumes	
Supervises quality control assistants	

(c) The Cutting and Sewing Assistants at the French factory are paid using a piece rate system and the Quality Control Assistants are paid using a time based system.

(i) What is meant by a piece rate system?

_____ [1]

(ii) Explain why this is a suitable payment system for the Cutting and Sewing Assistants.

_____ [2]

(iii) What is meant by a time based system?

_____ [1]

(iv) Explain why this is a suitable payment system for the Quality Control Assistants.

_____ [2]

[Total: 24]

4 (a) Louis has prepared a set of budgeted accounts for ANIMO's first year of trading.

State **two** ways in which ICT could be used to help Louis keep the accounts.

- 1 _____
- 2 _____ [2]

(b) In order to forecast sales for the first year, Louis has to decide how to price the raincoats for cats and dogs.

He is considering two pricing strategies:

- price the raincoats higher than competitors;
- price the raincoats the same as competitors.

Considering both pricing strategies, recommend which you would advise him to use.

Give reasons for your recommendation.

_____ [6]

(c) In order to produce the first year's accounts for ANIMO, Louis has to try to predict sales.

(i) Louis thinks that:

'Sales for the raincoats will be seasonal so ANIMO will need to take account of this'.

Explain **one** way in which the seasonal nature of the demand for raincoats will affect the sales predictions.

[3]

(ii) Jenny, Louis' wife, suggests:

'From the results of the market research, I think that sales for grooming will grow by 10% each month'.

Sales in May were £200. If Jenny is correct, calculate the expected value of sales for June. Show your working.

[3]

(d) ANIMO has to pay the following costs in the first month of trading.

Tick **two** boxes which represent the **fixed** costs of the business.

COST	TICK
Rent	
Wages	
Insurance	
Shampoo	

[2]

- (e) The budgeted Profit and Loss Account for ANIMO's first year of trading is shown in Fig. 6.

Profit and Loss Account 'ANIMO'

	First Year (£)
Total Sales	30,000
Cost of Sales	5,000
Gross Profit	<input type="text"/>
Expenses	7,500
Net Profit	<input type="text"/>

Fig. 6

Use Fig. 6 to answer the following questions.

- (i) Calculate the Gross Profit for the year. Show your working.

[2]

- (ii) Calculate the Net Profit for the year. Show your working.

[2]

- (f) ANIMO needs to buy equipment and shelving to set up the grooming salon.

Tick the box which **best** describes the way in which the equipment and shelving would be shown on a Balance Sheet.

Liabilities of the business.

Current assets of the business.

Fixed assets of the business.

[1]

(g) Louis estimates the cost of the equipment and shelving to be £10,000. He could use one of the following sources to obtain the money:

- overdraft;
- loan.

Advise Louis which option would be **most** suitable for buying the equipment and shelving. Give reasons for your choice and explain why you rejected the other option.

[5]

[Total: 26]

If you use the following lined pages to complete the answer to any question, the question number **must** be clearly shown.

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