

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										

For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



General Certificate of Secondary Education
January 2011

Business Studies

413001

Unit 1 Setting up a Business

Wednesday 12 January 2011 9.00 am to 10.00 am

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

Time allowed

- 1 hour

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. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 60.
- You are reminded of the need for good English and clear presentation in your answers. Quality of Written Communication will be assessed in questions 1(d), 2(d) and 3(c).



J A N 1 1 4 1 3 0 0 1 0 1

Answer **all** questions in the spaces provided.

Total for this question: 21 marks

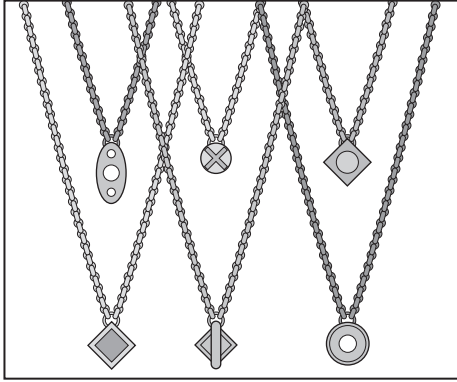
1 Read **Item A** and then answer the questions that follow.

Item A

Jewels4All

Darren is thinking of setting up in business to make and sell jewellery. He studied art and design at school and enjoyed making jewellery as part of the course. He has some savings to help him start up in business but he will need some additional finance to buy the equipment that he will need to make the jewellery. His Business Studies teacher had said that he should try and find a gap in the market for his ideas.

Darren will need to decide how he will sell the jewellery. His research shows an increase in online shopping. He is good with computers and is considering making the jewellery at home and selling it over the internet. Alternatively, Darren could rent a stall at the busy weekly craft fair.



1 (a) State **two** objectives that businesses, such as Darren's, might have in their first year of operation.

Objective 1

Objective 2

(2 marks)



1 (b) Darren knows from his Business Studies course that good planning will be very important if his business is to succeed.

1 (b) (i) List **two** main sections of a business plan.

Section 1

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Section 2

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(2 marks)

1 (b) (ii) Explain the benefits to Darren of producing a business plan.

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(4 marks)

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Question 1 continues on the next page

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1 (c) Explain **two** benefits to Darren of aiming his product range at a gap in the market.

Benefit 1

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Benefit 2

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(4 marks)

1 (d) Darren needs to decide whether to sell his jewellery over the internet or from a stall at the busy weekly craft fair.

Advise Darren which option is likely to be the better one. Give reasons for your advice.

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Total for this question: 19 marks

2 Read **Item B** and then answer the questions that follow.

Item B

Hospital Charity Shop

Two years ago, St Joseph’s hospital set up a charity shop to raise funds to provide equipment for ‘chill-out’ areas for teenagers who have to stay in the hospital. It decided to open the shop in the town centre near to where the hospital is located.



The charity shop is staffed by a paid manager and a large number of unpaid part-time volunteers. The volunteers often do not have all of the skills needed to be good shop workers. For this reason the shop and the window display are often not very well laid out. Also, many volunteers stay for only a few weeks as they are often unclear about what needs to be done and do not feel valued by the manager.

The charity shop only sells clothes. The stock room is untidy as it is full of poor quality clothes that are not selling very quickly. The manager is thinking about also selling books and CDs.

2 (a) List **three** different stakeholders of the charity shop.

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(3 marks)



2 (b) Explain why the charity uses volunteers in the shop and not paid workers.

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(3 marks)

Extra space

2 (c) Many of the volunteers who work in the charity shop stay for only a few weeks. The volunteers are not paid to work in the shop and so are not motivated by the level of their wages.

Explain **two** other ways in which the manager of the charity shop could motivate the staff so that they will carry on working at the shop.

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(4 marks)

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2 (d) The manager thinks that the charity shop does not make as much money as it could. Recommend how he could use the marketing mix to improve the sales at the shop. Give reasons for your recommendation.

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Total for this question: 20 marks

3 Read **Item C** and then answer the questions that follow.

Item C

Atkins Ltd

Atkins Ltd is a successful 'well-established' small family business. It produces expensive hand-made luxury chocolates which are sold by upmarket shops throughout the country. Customers are prepared to pay the high price for the chocolates as they are of a high quality.



Over the past six months, there has been increased competition from supermarkets which are selling their own brands of luxury chocolates cheaper than *Atkins Ltd*.

Figure 1: Atkins Ltd's monthly financial data for November 2010 and November 2009

	November 2010	November 2009
Average price per box of chocolates	£11.00	£10.00
Sales	£220 000	£200 000
Cost of ingredients and packaging	£65 000	£50 000
Staff and other costs	£110 000	£100 000

In order to compete with the supermarkets, *Atkins Ltd* is considering buying cheaper ingredients for its chocolates. One of the directors has suggested that they introduce new technology into the production process. This would mean taking out a loan to pay for the new machinery which would cost £70 000 per month over two years. This would, however, enable the company to reduce the size of the workforce and to reduce its staff and other costs by a half.



3 (a) (i) Using the data in **Figure 1**, calculate the profit or loss made by *Atkins Ltd* in November 2010.

Profit or loss

Calculations

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(3 marks)

3 (a) (ii) Explain why the profit or loss made in November 2010 has changed from the £50 000 profit made in November 2009.

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3 (b) Explain why it is important for *Atkins Ltd* to have a high quality product.

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3 (c) In order to increase its profits, *Atkins Ltd* is considering either:

- buying cheaper ingredients for its chocolates
- introducing the use of new technology into the production process.

Recommend which action the company should take in order to increase its profits.
Give reasons for your recommendation.

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END OF QUESTIONS



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