

Business

Paper 1

Practice Paper A

Name	
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Time**allowed**

1 hour and 45 minutes

Instructions

Answer **all** of the questions and use the space provided.

Information

The total number of marks available for this paper is **90**. The number of marks available for each question is shown in brackets.

Your quality of written communication is assessed on starred questions.

Question	Mark
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Section I

Answer all questions within this section

Four options are offered for multiple-choice questions. Select **one answer only** from the choice. Indicate your answer by placing a tick in the box to the right.

- | | | | |
|----|--|--------------------------|----------|
| 1. | What type of business would Colin's Cranes Ltd be? | | (1 mark) |
| | A. Sole trader | <input type="checkbox"/> | |
| | B. Partnership | <input type="checkbox"/> | |
| | C. Private limited company | <input type="checkbox"/> | |
| | D. Public limited company | <input type="checkbox"/> | |
| 2. | Which functional area is responsible for advertising a business's products/services? | | (1 mark) |
| | A. Finance | <input type="checkbox"/> | |
| | B. Marketing | <input type="checkbox"/> | |
| | C. Human resources | <input type="checkbox"/> | |
| | D. Procurement | <input type="checkbox"/> | |
| 3. | Which of the following documents would be used by a business when recruiting a new member of staff? | | (1 mark) |
| | A. Break-even chart | <input type="checkbox"/> | |
| | B. Cash flow forecast | <input type="checkbox"/> | |
| | C. Person description | <input type="checkbox"/> | |
| | D. Person specification | <input type="checkbox"/> | |
| 4. | What is the name given to an individual or organisation that affects, or is affected by, the activities of a business? | | (1 mark) |
| | A. Shareholder | <input type="checkbox"/> | |
| | B. Neighbour | <input type="checkbox"/> | |
| | C. Stakeholder | <input type="checkbox"/> | |
| | D. Owner | <input type="checkbox"/> | |
| 5. | Which of the following is a disadvantage to a business of using a just-in-time (JIT) system? | | (1 mark) |
| | A. May not be able to meet a rush order | <input type="checkbox"/> | |
| | B. Stock may go out of date | <input type="checkbox"/> | |
| | C. Poorer quality | <input type="checkbox"/> | |
| | D. Reduced staff motivation | <input type="checkbox"/> | |
| 6. | Which of these statements describes 'economies of scale'? | | (1 mark) |
| | A. Where the cost per unit increases as the number produced increases | <input type="checkbox"/> | |
| | B. Where the cost per unit reduces as the number produced increases | <input type="checkbox"/> | |
| | C. Where the cost per unit increases as the number produced reduces | <input type="checkbox"/> | |
| | D. Where the cost per unit reduces as the number produced reduces | <input type="checkbox"/> | |

7. Identify the meaning of the secondary sector, and give an example of a secondary sector business. **(2 marks)**

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8. Explain one advantage of external recruitment. **(2 marks)**

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9. Explain one advantage to a business of having a decentralised organisational structure. **(3 marks)**

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10. Explain one benefit to a business of having a motivated workforce. **(3 marks)**

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11. Explain two benefits to a business of managing stock using a just-in-case (JIC) system. **(4 marks)**

Benefit 1:

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Benefit 2:

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END OF SECTION I

Section II

Answer all questions in the spaces provided

Item A: Emmervale Farm Shop

Davina and Millie own Emmervale Farm Shop, which is a small shop selling local, organically grown fresh produce including fruit/vegetables, meat, and luxury gift hampers containing a selection of gourmet food products. All items are responsibly sourced with fair prices paid to the local producers/farmers. Quality standards are maintained via regular visits to check on animal welfare and production standards. The owners run the business as a partnership and it is currently very successful. The business has one shop which has been running for four years.

Demand for products is seasonal, with peaks during the run-up to Christmas and Easter. The business employs two full-time and one part-time customer assistants who are supported by Davina and Millie, who both work actively in the business. In addition to serving customers in the shop, the customer assistants assemble the hampers, which are produced on an order-by-order basis.

Employees currently receive a generous 15% discount on purchases from the shop, a staff uniform, free car parking and free healthcare insurance.

Customers currently travel up to 30 miles to the shop as the products sold are unique. The business currently has no website or e-commerce operations.

- A1. Employees receive a 15% discount on purchases from the shop. Figure 1 shows the value of items purchased by two employees who used their discount last week.

Figure 1

	Value of purchases	Discount received
Chris	£15.60	i) _____
Bobby	£25.60	ii) _____
Total cost of discount		iii) _____

Complete Figure 1 (lines i to iii) to show how much discount each employee received and the total cost to the business of discounts last week. Show your workings and answer to two decimal places. **(3 marks)**

Workings:

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A2. Explain how Emmervale Farm Shop could use profit-sharing to reward staff.

(2 marks)

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A3. Analyse the impact of the use of profit-sharing to reward employees at Emmervale Farm Shop.

(6 marks)

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Item B: Emmervale Farm Shop's Expansion

Emmervale Farm Shop is so successful that Davina and Millie are considering expanding by launching a website which will enable customers to order products online. This website will be developed by a local company and will initially consist of eight pages of content.

Quality has always been critical to the business and all suppliers have to meet strict quality standards which are monitored by the owners.

If the business expands, additional suppliers will need to be selected as the current suppliers are already operating to full capacity.

B1. To be able to meet the additional demand for luxury gift hampers, Emmervale Farm Shop is considering moving from job production to batch production for this part of the business.

Explain a benefit to Emmervale Farm Shop of using this method of production. **(4 marks)**

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B2. A £4,000 budget has been set aside for the development of the new website.

The development costs include:

- Registration fee £100.00
- Design of site £1,250.00

The developers will also charge £150.60 per page of content to be created.

State the formula for calculating the total costs. After all of the development costs are paid, calculate the percentage of the budget remaining which can be used to promote the new website.

Show your workings and answer to two decimal places. **(5 marks)**

Formula:

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Workings:

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B3. Analyse the impact of the proposed expansion on the business's operating costs.

(6 marks)

[illegible]

B4. If the new website goes ahead, Emmervale Farm Shop will need to appoint a manager to lead the e-commerce operations. The owners are considering promoting an employee from the shop team to the position of e-commerce manager. Recommend whether they should appoint the new manager in this way. Give reasons for your answer. (9 marks)

(9 marks)

This image shows a full page of a handwriting practice worksheet. It consists of multiple sets of three horizontal dashed lines spaced evenly down the page, providing a guide for letter height and placement. The background is plain white, and there are no other markings or text present.

END OF SECTION II

Section III

Answer all questions in this section

Item C: Petz Rescue Centre

Petz Rescue Centre is a charity that cares for and rehomes abandoned pets.

The centre has three paid employees (a manager and two animal assistants) and is supported by a team of 10 volunteers who do regular shifts as directed by the manager. The centre prides itself on offering a very high level of customer service.

C1. Explain one drawback to Petz Rescue Centre of using a team of volunteers to operate. (4 marks)

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C2. Explain one benefit to Petz Rescue Centre of providing good customer service. (4 marks)

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C3. As a charity, Petz Rescue has to use non-financial methods of motivating its employees.
Analyse the impact of the use of motivational techniques on Petz Rescue. (6 marks)

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- C4. Petz Rescue offers a two-day induction for all employees and volunteers which includes one day of off-the-job training at a local college to cover basic pet welfare. Due to the high turnover of volunteers, the centre typically puts eight individuals through this induction training each year at a cost of £2,000, which represents 66.6% of the training budget for the entire year.

Recommend whether the centre should continue to put all staff and volunteers through this induction training in the future. Give reasons for your answer.

(9 marks)

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Item D: Petz Rescue Centre's new location

Petz Rescue Centre currently operates from city centre premises. The land surrounding the centre is currently occupied and there is no room for expansion.

A former farm is available and the trustees of the charity are considering moving from the city centre to the farm. The farm is five miles away from the current location and, due to the land available, the centre will be able to increase the range of animals it cares for, e.g. it could accept horses or farm animals.

All employees and volunteers will be given the opportunity to move with the centre. Due to the expansion, another two full-time employees will also be required.

D1. Analyse the impact of moving from a city centre location to a farm in the countryside.

In your answer you should consider:

- the impact on different stakeholders
- the impact on customer service

(12 marks)

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END OF PAPER

Business

Paper 1

Practice Paper B

Name	
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Time**allowed**

1 hour and 45 minutes

Instructions

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Information

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C4	
C5	
D1	
Total	

Section I

Answer all questions within this section

Four options are offered for multiple-choice questions. Select **one answer only** from the choice. Indicate your answer by placing a tick in the box to the right.

- | | | | |
|----|---|--------------------------|----------|
| 1. | Which of the following businesses belong to the tertiary sector? | | (1 mark) |
| A. | A quarry | <input type="checkbox"/> | |
| B. | A car manufacturer | <input type="checkbox"/> | |
| C. | A farmer | <input type="checkbox"/> | |
| D. | A bank | <input type="checkbox"/> | |
| 2. | Which of these tasks would be most likely to be carried out by someone working in the marketing department of a bakery? | | (1 mark) |
| A. | Purchase flour from a supplier | <input type="checkbox"/> | |
| B. | Design radio adverts | <input type="checkbox"/> | |
| C. | Make cakes | <input type="checkbox"/> | |
| D. | Serve customers in the shop | <input type="checkbox"/> | |
| 3. | Which of the following is an example of information that would be found in a personal specification for a job? | | (1 mark) |
| A. | Pay rate | <input type="checkbox"/> | |
| B. | Skills needed | <input type="checkbox"/> | |
| C. | Closing date to apply for job | <input type="checkbox"/> | |
| D. | Business website address | <input type="checkbox"/> | |
| 4. | Which of the following is a benefit of maintaining quality? | | (1 mark) |
| A. | Increased costs | <input type="checkbox"/> | |
| B. | Increased staff training | <input type="checkbox"/> | |
| C. | Inspection costs | <input type="checkbox"/> | |
| D. | Additional sales | <input type="checkbox"/> | |
| 5. | Which of the following is an example of a not-for-profit organisation? | | (1 mark) |
| A. | Partnership | <input type="checkbox"/> | |
| B. | Sole trader | <input type="checkbox"/> | |
| C. | Charity | <input type="checkbox"/> | |
| D. | Private limited company | <input type="checkbox"/> | |
| 6. | Which method of production is most likely to be used by a wedding dress shop? | | (1 mark) |
| A. | Mass | <input type="checkbox"/> | |
| B. | Job | <input type="checkbox"/> | |
| C. | Niche | <input type="checkbox"/> | |
| D. | Flow | <input type="checkbox"/> | |

7. Identify two items that should be covered within induction training for employees. (2 marks)

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8. Explain one advantage of using a just-in-case system to manage stock. (2 marks)

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9. Explain one advantage of expanding a business by taking over another business. (3 marks)

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10. Explain one benefit to a business of employing temporary staff. (3 marks)

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11. Explain two benefits for a new business of creating a business plan. (4 marks)

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Benefit 2:

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END OF SECTION I

Section II

Answer all questions in the spaces provided

Item A: Donald's Trumpets

Donald Harris runs a small trumpet business in his local town. He produces custom-made trumpets in accordance with individual customer orders. Orders are generated via his website and his shop in the town centre.

Donald operates the business as a sole trader and is usually supported in the shop by his wife Shelley. However, Shelley went on maternity leave for one year last month and Donald recruited Elsie Clarke to work in the shop on a temporary one-year zero-hour contract. Elsie is paid a basic wage plus commission.

- A1. Identify two drawbacks to Donald Harris of operating his business as a sole trader. (2 marks)

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- A2. Elsie receives £8 per hour and a commission of 10% of sales. Last week she worked 37 hours and sold £600 worth of goods. Calculate how much she received last week. Show your workings and answers to two decimal places. (3 marks)

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- A3. Identify two features of a zero-hour contract of employment. (2 marks)

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- A4. Analyse one way in which Elsie is affected by being employed on a zero-hour contract of employment. (6 marks)

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Item B: Donald's procurement

Donald's business is doing very well and he is obtaining a lot of orders from his website. He usually buys a large volume of materials/components needed to make his trumpets once every two months to benefit from economies of scale. Donald is struggling to store all of the materials/components in his warehouse and is considering moving to a just-in-time system of ordering.

Donald has a positive relationship with his suppliers currently. He is very keen to maintain this relationship because the suppliers that he uses have high quality standards, which supports Donald in producing products of the highest quality.

B1. Analyse the impact that economies of scale have on the performance of Donald's business. (6 marks)

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B2. Analyse the impact that Donald's policy of using quality materials has on customers. (6 marks)

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- B3. Recommend whether Donald should move to a just-in-time system of ordering and procurement of materials/components. (9 marks)

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END OF SECTION II

Section III

Answer all questions in this section

Item C: Dolly's Nursery

Five years ago Dorothy was made redundant from her job as a cashier in a bank when the branch in her small town closed. As jobs in banking were declining, she decided to change careers. Dorothy had always wanted to work with children and so decided to study Early Years and Childcare at her local college. Undertaking the course meant that Dorothy sacrificed paid work for one year, but she felt that the opportunity cost was worthwhile.

After qualifying Dorothy decided to use her redundancy money to start a small nursery business called Dolly's Nursery. Dorothy established the business as a partnership with her former colleague from the bank called Sue. The pair were able to purchase a former shop in the town centre and renovate it into the nursery.

During the past five years the nursery has been very successful and is now oversubscribed.

C1. Explain the term 'opportunity cost' with reference to the information in Item C. (2 marks)

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C2. Explain one benefit to the business of operating as a partnership. (4 marks)

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C3. Explain one benefit to the business of locating the nursery in the centre of the town. (4 marks)

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- State the formula for calculating the profit made. Calculate the profit made by the nursery during the month of October. Show your workings and answer to two decimal places.

Formula:

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- Recommend whether they should appoint Sally to the role of nursery manager.
Give reasons for your answer.

[illegible]

Item D: Expanding by franchise

As the nursery has been so successful over the past five years, Dorothy and Sue are keen to expand their business. During their previous job role in the bank they worked with a lot of business owners and one of them suggested that they turn their nursery business model into a franchise business. They could then become franchisors and sell the opportunity to own Dolly's Nursery franchises in other parts of the country.

- D1. Analyse the impact of expanding the nursery by selling franchise opportunities. In your answer you should consider:
- the suitability of franchising as a way of expanding
 - business performance

You must evaluate which area of the business this will have the greatest impact on. Use evidence to support your answer. **(12 marks)**

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END OF PAPER

Business

Paper 1

Practice Paper C

Name	
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Time**allowed**

1 hour and 45 minutes

Instructions

Answer **all** of the questions and use the space provided.

Information

The total number of marks available for this paper is **90**. The number of marks available for each question is shown in brackets.

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B2	
B3	
C1	
C2	
C3	
C4	
C5	
D1	
Total	

Section I

Answer all questions within this section

Four options are offered for multiple-choice questions. Select **one answer only** from the choice. Indicate your answer by placing a tick in the box to the right.

- | | | | |
|----|--|--------------------------|----------|
| 1. | What type of business would Prestook plc be? | | (1 mark) |
| | A. Sole trader | <input type="checkbox"/> | |
| | B. Partnership | <input type="checkbox"/> | |
| | C. Private limited company | <input type="checkbox"/> | |
| | D. Public limited company | <input type="checkbox"/> | |
| 2. | Which of the following terms is a feature of a service? | | (1 mark) |
| | A. Has a physical presence | <input type="checkbox"/> | |
| | B. Tangible | <input type="checkbox"/> | |
| | C. Intangible | <input type="checkbox"/> | |
| | D. Is heavy | <input type="checkbox"/> | |
| 3. | Which of these statements describes 'diseconomies of scale'? | | (1 mark) |
| | A. Where the cost per unit increases as the number produced increases | <input type="checkbox"/> | |
| | B. Where the cost per unit reduces as the number produced increases | <input type="checkbox"/> | |
| | C. Where the cost per unit increases as the number produced reduces | <input type="checkbox"/> | |
| | D. Where the cost per unit reduces as the number produced reduces | <input type="checkbox"/> | |
| 4. | Which of the following is most likely to boost staff motivation in a business? | | (1 mark) |
| | A. A pay reduction | <input type="checkbox"/> | |
| | B. Poor communication | <input type="checkbox"/> | |
| | C. Running a team-building day | <input type="checkbox"/> | |
| | D. High numbers of customer complaints | <input type="checkbox"/> | |
| 5. | Which functional area is responsible for purchasing raw materials? | | (1 mark) |
| | A. Procurement | <input type="checkbox"/> | |
| | B. Marketing | <input type="checkbox"/> | |
| | C. Human resources | <input type="checkbox"/> | |
| | D. Distribution | <input type="checkbox"/> | |
| 6. | Which of the following is most likely to be a characteristic of an entrepreneur? | | (1 mark) |
| | A. Unwilling to take a risk | <input type="checkbox"/> | |
| | B. Hard-working | <input type="checkbox"/> | |
| | C. Disorganised | <input type="checkbox"/> | |
| | D. Gives up easily when things do not go to plan | <input type="checkbox"/> | |

7. Identify two pieces of information that are likely to be included in a job description. **(2 marks)**

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8. Explain one factor that will influence the location decision of a business. **(2 marks)**

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9. Explain one benefit to a business of using internal recruitment to fill a vacancy. **(3 marks)**

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10. Explain one potential problem that could occur when using a just-in-time system to manage stock. **(3 marks)**

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11. Explain two benefits to a business of allowing staff to work from home. **(4 marks)**

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Benefit 2:

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END OF SECTION I

Section II

Answer all questions in the spaces provided

Item A: Karen's Soaps

Karen decided to give her friends a 'different' present one Christmas and made them a handmade soap gift. All of her friends loved her soap and said that she should set up a business making and selling soaps. When Karen's aunt died she inherited some money and she decided to use it to establish a small handmade soap business which she called Karen's Soaps.

Karen decided to start off on a small scale and focused on selling her soaps in local craft fairs and through her website.

A1. Identify two factors of production.

(2 marks)

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A2. Karen lists her operating costs over a three-month period. Figure 1 shows her operating costs and the number of soaps made over a three-month period.

Figure 1

	Operating costs	Number of soaps made	Cost per unit
April	£254	231	i. _____
May	£250	268	ii. _____
June	£180	174	iii. _____

Average cost per unit over the three-month period iv. _____

Using the data within Figure 1, calculate the average cost per unit for each of the three months.

Based on your answers, calculate the average cost per unit over the three-month period.

Write your answers in the spaces labelled i to iv.

Show your workings and answer to two decimal places.

(3 marks)

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A3. In an attempt to reduce her operating costs, Karen is considering looking to find a new supplier of the materials she needs to make her soaps.

Identify two factors that affect her choice of supplier. (2 marks)

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A4. Analyse one way in which a change of supplier may affect the standard of customer service that Karen offers. (6 marks)

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Exam continues on next page

Item B: Operating in line with the law

Karen's Soaps has received a lot of positive reviews in America and sales generated from her website are increasing rapidly. To cope with the increasing demand Karen decides to recruit an assistant to help her, and after a thorough recruitment and selection process she appoints Sam. Karen has never employed anyone before and she decides to undertake a short college course to learn about the employment legislation that she will have to follow.

At the course Karen meets other small businesses owners who make cosmetic products. After speaking with them she discovers that there are a lot of new consumer protection laws that will affect her business. Karen is too busy to learn about these new laws and decides to delegate responsibility for learning about these laws to Sam.

B1. Analyse the impact of employment legislation on Karen's business.

(6 marks)

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B2. Analyse the benefits of having an effective recruitment and selection process for Karen's business. (6 marks)

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B3. Recommend whether Karen should invest in off-the-job training to give Sam the knowledge about the new consumer laws affecting cosmetic products.

(9 marks)

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END OF SECTION II

Section III

Answer all questions in this section

Item C: J's Irresistible Cakes

James has always enjoyed baking cakes and completed a Hospitality Management course at college last summer. James lives in a rural area with limited opportunities for employment and, as he did not want to move to a different part of the country, he decided to set up his own celebration cake business which he called J's Irresistible Cakes. To set up his sole trader business James successfully secured a loan from his bank.

James operates his business from a friend's café kitchen. Initially all orders came via his friend's café. However, during the fourth month of trading James decides to launch a website with an online ordering facility.

- C1. Identify two appropriate business objectives for J's Irresistible Cakes for its first year of trading. (2 marks)

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- C2. Explain how the launch of the website and online order facility will support the achievement of the objectives identified in question C1. (4 marks)

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- C3. Explain how fluctuating interest rates might affect James's business. (4 marks)

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- C4. J's Irresistible Cakes has fixed costs of £8,000 per year. Variable costs, per celebration cake, are £12. James currently charges £25 per celebration cake and sells an average of 40 cakes per month.

Show the formula to calculate the profit made, and calculate the profit that James earns during a typical month. Show your workings and answer to two decimal places.

(5 marks)

Formula:

Workings:

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- C5. At a recent meeting James's bank manager suggested that James should consider becoming a private limited company as he feels that being a sole trader is hindering his profitability.

Recommend whether James should convert his business to a private limited company.

Give reasons for your answer.

(9 marks)

[illegible]

Item D: Business ethics

James has always supported businesses which behave in an ethical manner and is keen to operate his business in an ethical manner; however, the friend who operates the café business warns him that profit will need to be sacrificed in order to behave ethically.

D1. Assess the degree of the possible trade-off between ethics and profit.

- Can ethical businesses maximise profitability?
- Does ethical behaviour satisfy all stakeholders?

Use evidence to support your evaluation.

(12 marks)

[illegible]

END OF PAPER

Business

Paper 1

Practice Paper D

Name	
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Time**allowed**

1 hour and 45 minutes

Instructions

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C2	
C3	
C4	
C5	
D1	
Total	

Section I

Answer all questions within this section

Four options are offered for multiple-choice questions. Select **one answer only** from the choice. Indicate your answer by placing a tick in the box to the right.

- | | | |
|--|--------------------------|----------|
| 1. Which of these is a drawback of a sole trader? | | (1 mark) |
| A. Limited liability | <input type="checkbox"/> | |
| B. Can share decision-making | <input type="checkbox"/> | |
| C. Can keep all of the profits | <input type="checkbox"/> | |
| D. Unlimited liability | <input type="checkbox"/> | |
| 2. Which of these businesses would belong to the tertiary sector? | | (1 mark) |
| A. Hairdressers | <input type="checkbox"/> | |
| B. Helicopter manufacturer | <input type="checkbox"/> | |
| C. Dairy farmer | <input type="checkbox"/> | |
| D. Boatbuilder | <input type="checkbox"/> | |
| 3. What name is given to an owner of Design Ltd? | | (1 mark) |
| A. Sole trader | <input type="checkbox"/> | |
| B. Stakeholder | <input type="checkbox"/> | |
| C. Shareholder | <input type="checkbox"/> | |
| D. Partner | <input type="checkbox"/> | |
| 4. What term is given when the business's costs are equal to its sales revenue? | | (1 mark) |
| A. Profit | <input type="checkbox"/> | |
| B. Loss | <input type="checkbox"/> | |
| C. Break-even | <input type="checkbox"/> | |
| D. Turnover | <input type="checkbox"/> | |
| 5. Which of the following is a common objective for an employee within a business? | | (1 mark) |
| A. Maximise pay | <input type="checkbox"/> | |
| B. Boring work | <input type="checkbox"/> | |
| C. High share price | <input type="checkbox"/> | |
| D. High dividend payments | <input type="checkbox"/> | |
| 6. Which type of costs changes as the level of output changes | | (1 mark) |
| A. Fixed costs | <input type="checkbox"/> | |
| B. Variable costs | <input type="checkbox"/> | |
| C. Revenue | <input type="checkbox"/> | |
| D. Turnover | <input type="checkbox"/> | |

7. Identify two objectives that an entrepreneur is likely to have. (2 marks)

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8. Explain one advantage to an employee of working in a tall organisational structure. (2 marks)

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9. Explain one benefit that limited liability offers the owners of a business. (3 marks)

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10. Explain one benefit of decentralisation for a business. (3 marks)

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11. Explain two benefits to a business of growing externally through mergers. (4 marks)

Benefit 1:

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Benefit 2:

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END OF SECTION I

Section II

Answer all questions in the spaces provided

Item A: PR Animal Hotel

Peter and Rosa are planning to set up a business called PR Animal Hotel which will care for small animals, such as rabbits, gerbils, budgies, hamsters, rats and guinea pigs, while their owners are on holiday. Rosa currently works as a veterinary nurse and Peter works in an animal rescue centre. They will both give up their jobs to work full-time in the business.

There are no similar businesses in the area except for a small cattery which only cares for cats; however, the owners of this business are concerned about the impact of Peter and Rosa's business and, about one month ago, they started to care for rabbits and gerbils in addition to cats while owners are on holiday.

Peter and Rosa have a large garden and plan to build an out building which will house the animals that stay with them. In order to build the out building, the pair need to apply for a bank loan, and the bank manager has asked them to complete a business plan.

The pair plan to employ two employees who will work part-time. The employees will mainly work weekends in order to give Peter and Rosa a short break from running the business.

- A1. Identify two sections that may be included in a business plan.

(2 marks)

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- A2. Peter and Rosa plan to employ two members of staff who will work 25 hours per week each. The staff members will both be aged under 25 years.

Calculate the difference in the business's weekly expenditure on staff wages if the national minimum wage level increases from £5.55 to £5.90 per hour. Assume that the number of hours each employee works remains the same.

(3 marks)

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- A3. Identify two headings that may be included within a job description for one of the employees of PR Animal Hotel.

(2 marks)

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- A4. Analyse the potential impact of the competition accepting rabbits and gerbils on the likely success of Peter and Rosa's business. (6 marks)

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Exam continues on next page

Item B: Managing people at PR Animal Hotel

One year on, and Peter and Rosa have established PR Animal Hotel. It quickly develops a positive reputation and customer numbers are growing. Peter and Rosa take a hands-on approach to running the business and prefer to do most tasks themselves due to problems surrounding the motivation of the two employees who work at weekends. Peter uses an authoritarian leadership style.

B1. Analyse the impact of a motivated workforce on the customer service that PR Animal Hotel offers. (6 marks)

[illegible]

B2. Analyse the impact that changing the style of management used may have on staff motivation. (6 marks)

This image shows a full page of white paper with horizontal dashed lines, typical of primary school handwriting practice paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

- B3. PR Animal Hotel has been very successful during its first year of trading and Peter and Rosa are struggling to meet customer demand. Rosa suggests that they employ a full-time animal care assistant; however, Peter feels that employing two part-time animal care assistants would meet the business's needs better. As they are running a small business with a limited budget, the owners can only afford to select one option.

Recommend whether PR Animal Hotel should employ one full-time animal care assistant or two part-time animal care assistants. Give reasons for your advice.

(9 marks)

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END OF SECTION II

Section III

Answer all questions in the spaces provided

Item C: Bertie's Bags

Bertie's Bags has been operating for 50 years. The business was started by Bertram Bagger and became a private limited company in 2002. Bertram retired two years ago, and the business is now run by Bertram's sons, John and Derek.

The business produces cloth bags by hand. It employs a highly trained workforce of eight full-time employees. Quality is critical and the business uses TQM.

The launch of the 5p plastic carrier bag levy has boosted demand for cloth bags, and John and Derek are planning to build a new factory within the town to enable the business to cope with the additional demand.

- C1. Identify two stakeholders who may influence the operations of the business. (2 marks)

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- C2. Explain one way that a member of the local community may react to news of the new factory. (4 marks)

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- C3. Explain one benefit to the business of using TQM. (4 marks)

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Exam continues on next page

- C4. John and Derek feel it would be a good time to launch a new website. A £5,000 budget has been set aside for the development of the new website consisting of six pages of content initially. The development costs include:
- registration fee £100.00
 - design of site £1,250.00

The developers will also charge £150.60 per page of content to be created.

State the formula for calculating the total costs.

After all of the development costs are paid, calculate the percentage of the budget remaining which can be used to promote the new website. Show your workings and answer to two decimal places. **(5 marks)**

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- C5. The business has purchased raw materials used to make the bags from the same supplier for the past 15 years. The cost of the new factory is significant and John and Derek are looking for ways of reducing costs. John finds a supplier who can supply the materials for 5% cheaper than the existing supplier.

Recommend whether the business should change to the new cheaper supplier.

Give reasons for your answer.

(9 marks)

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Item D: Managing stock

Stocks of raw materials and finished cloth bags are currently managed using just-in-case. Bertie's Bags has supplied some shops for the past 20 years and prides itself on being able to fulfil additional orders at short notice.

After a recent flood in the warehouse John suggests that it would be wise to move to a just-in-time system of stock management for raw materials and finished products.

D1. Analyse the impact of changing from just-in-case (JIC) to just-in-time (JIT). In your answer you should consider:

- the suitability of JIT
- the impact on profitability

Use evidence to support your evaluation.

(12 marks)

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