



Sixth Form Scholarship Examination

Business Studies

Time allowed: 1hour 30 minutes

Instructions:

Answer all questions.

Answer questions in the space provided.

Use additional paper if you need extra space, indicating clearly the question you are answering.

You are permitted to use a calculator.

Total marks for this paper: 60.

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

Total for this question: 15 marks

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

Item A

19 year-old Steve wants to run his own computer repair business. He needs £20,000 to start up his business. His father is prepared to lend him £10,000, which is half of what he needs and tells him that banks will often help new businesses. The bank may offer him the other £10,000 that he needs if he writes a business plan.

(a) What is meant by a 'business plan'?

.....
.....
.....
..... (2 marks)

(b) Explain **two** ways in which banks can help a new business such as Steve's.

.....
.....
.....
.....
.....
.....
..... (4 marks)

(c) Would completing a business plan make sure that Steve's business was successful? Give reasons for your answer.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
..... (9 marks)

Total for this question: 21 marks

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

Item B

John and Kathy run a chain of five vegetarian restaurants in London. The restaurants are each called 'The Greenhouse'.

The restaurants have a very good reputation for quality food and high standards of service. John and Kathy believe they are successful because each restaurant has a well motivated team of staff.

At the moment, the restaurant chain has vacancies for three waiters/waitresses.

John and Kathy feel it is time to expand their business. They are considering selling 'The Greenhouse' franchises to people who want to run a restaurant rather than starting up their own independent one.

(a) (i) What is meant by a 'franchise'?

.....
.....
.....
.....(2 marks)

(a) (ii) Explain two reasons why someone might choose to buy a franchise from 'The Greenhouse'.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....(5 marks)

Question 2 continues on the next page

(b) Explain two suitable methods by which John and Kathy could select the waiters/waitresses that they need to recruit.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....(5 marks)

(c) John and Kathy are thinking of offering higher wages than those paid in other restaurants.

Do you think that this is the best way to motivate their staff? Give reasons for your answer.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....(9 marks)

Total for this question: 24 marks

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

Item C

Jenny runs a small business making cakes for weddings, birthdays and other special occasions. She sells 80 cakes each month at an average price of £25. Each cake costs Jenny £8 to make. She pays £40 each month to place advertising cards in local newsagents.

At the moment, Jenny makes and finishes one cake before she starts making the next one. She has heard that batch production might be a better way for her to make the cakes.

Recently, a local supermarket has started to sell a range of birthday cakes at lower prices than Jenny charges. The local supermarket uses lower quality ingredients in its cake production than Jenny.

- (a) Using **Item C**, calculate how much profit Jenny earns each month. Show all of your workings clearly.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....(5 marks)

- (b) Explain why batch production might be a better way for Jenny to make the cakes.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....(5 marks)

Question 3 continues on the next page.

