

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										

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



General Certificate of Secondary Education
June 2014

Business Studies (Short Course)

413013

Unit 13 Business Start Up

Wednesday 21 May 2014 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 40.
- 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) and 2(d).



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413013

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

Total for this question: 19 marks

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

Item A

Failing Fried Chicken



Fernandez Fried Chicken Ltd is an independent takeaway food shop in Cardiff city centre. The owner, Tieler Fernandez, started the business six months ago, straight after leaving school. He turned down the opportunity to buy a franchise in a business which specialises in low quality cheap fast food. This would have cost £25 000. Although he is enjoying the freedom of being an entrepreneur, his business has not yet brought him the fortune he had hoped to earn.

Tieler's main concern is a lack of customers during weekdays and as a result he has decided to invest £2 000 in a promotional campaign. The promotion would be aimed at local workers, trying to tempt them away from Tieler's many, lower-priced competitors. Just before he spends money on this promotion, he asks a friend to look at his cash-flow forecast for the next four months (see Figure 1 below). Tieler's friend explains that the forecast shows a poor cash flow position which may mean the business has to close down.

Figure 1: Fernandez Fried Chicken Ltd's cash-flow forecast August – November 2014

	All figures are in £			
	August	September	October	November
Cash inflow from sales	12 000	10 000	9 000	10 000
Cash outflows:				
Ingredients	6 000	5 000	4 500	5 000
Staff wages	4 000	4 000	4 000	4 000
Promotion	2 000			
Other expenses	1 000	2 000	2 000	2 000
Total cash outflows	13 000	11 000	10 500	11 000
Net Cash Flow	(1 000)	(1 000)	(1 500)	(1 000)
Opening cash balance	6 500	5 500	4 500	3 000
Closing cash balance	5 500	4 500	3 000	2 000

Source: photograph, Getty Images



1 (a) Describe **one** suitable promotional method that Tieler could use. **[2 marks]**

Extra space _____

1 (b) Explain why it is important for Fernandez Fried Chicken Ltd to have high quality products. **[3 marks]**

Extra space _____

Question 1 continues on the next page



Total for this question: 21 marks**2** Read **Item B** and then answer the questions that follow.**Item B****High Note Fashions Ltd**

Sophie Reid started High Note Fashions Ltd five years ago. Since then, the clothes shop, selling fashions for teenagers, has done well. Sophie now has two experienced and highly reliable full-time staff working on weekdays and several part-timers to help out on weekends. She now has enough money to open a second shop in a larger town about 50 miles away.

Sophie has decided that before opening the second shop she should carry out market research in the new area. Meanwhile, she is hoping to avoid some of the problems from which the first shop is still suffering. Sophie has noted down some of these problems as follows:

- crowded stock room
- running out of common sizes for popular items too often
- frequent build-up of clothes in fitting rooms that are not returned to the shop floor until the end of the day
- long queues at the till at weekends caused by staff making errors while operating the till.

Sophie is planning to continue running the original shop herself and to appoint a full-time manager to take charge of the new shop when it opens. She is not sure whether to recruit internally or externally.

Source: photograph, Getty Images



2 (a) State **two** features of a private limited company. **[2 marks]**

Feature 1 _____

Feature 2 _____

2 (b) Explain how High Note Fashions Ltd could improve efficiency in the existing shop. **[4 marks]**

Extra space _____

Question 2 continues on the next page



2 (c) Explain **two** reasons why Sophie has decided to carry out market research before opening the new shop.

[6 marks]

Reason 1 _____

Extra space _____

Reason 2 _____

Extra space _____



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