1(a) **Text 3**

Green Cuisine

Rory and Jayda are keen entrepreneurs and are aware of the likely growth in the demand for both eating out and electric cars over the coming years. Therefore, they have decided to set up a restaurant with a difference – customers can charge their electric car using one of the car charging points in the restaurant's car park whilst enjoying a meal made from locally sourced, organic ingredients.

Rory previously worked in the finance department of a large business. Jayda used to work in a restaurant where she was responsible for marketing the business as well as managing the kitchens. They enjoy coming up with new ideas and not knowing what the future may bring.

Rory and Jayda have decided to set up their new business as a partnership. They have carried out market research which shows that there is demand for their business idea, as long as it offers exactly what customers require.

Rory and Jayda have decided to use cost-plus pricing with a mark-up of 10% on total costs. The average cost to produce a two-course meal is £12. Here are the results of their market research.

Average price	Estimated number of sales (Customers per week)
£13.20	100
£13.80	85
£14.40	45

They intend to charge prices which are slightly higher than Burgerz4U, the nearest fast-food restaurant, which is located one mile away from the proposed location of Green Cuisine. The average price of a two-course meal at Burgerz4U is £11.

The comments received from their market research are mixed:

> "An excellent idea. I am prepared to pay extra if I know that I am supporting other businesses in my local area."
>
> "People do not have much money to spend as unemployment is high after the local factory closed. It is a good idea, but it will take a lot to persuade me to stop visiting a cheaper, well-known brand."

Analyse **two** benefits for Rory and Jayda of setting up the business as a partnership.

Benefit 1

Benefit 2

[6]

(b) Identify **one** characteristic of an entrepreneur mentioned in **Text 3**.

[1]

2 Raj has developed an idea for a new business.

This is an example of:

A discrimination

B enterprise

C flexible working

D productivity

Your answer ☐ **[1]**

3 Which stakeholder does limited liability protect?

A Customers

B Employees

C Shareholders

D Suppliers

Your answer ☐ **[1]**

4(a)

Text 1

Boots UK

Boots UK is a leading retailer in the UK with about 2 500 stores selling a range of medical, health and beauty products. The company is part of a global business called Walgreens Boots Alliance.

All of the UK stores are especially busy from September to December, as customers visit to purchase Christmas presents. A Christmas recruitment campaign is run every year to find temporary staff. These staff are recruited to help the stores during this period. In addition, new permanent employees are recruited to work both full-time and part-time throughout the rest of the year. The company's business plan considers seasonal trends and the impact of these on the company's resource needs.

Communicating effectively with employees is vital. Store managers use short meetings to communicate important messages to all staff, for example, about promotional events during the weeks leading up to Christmas.

i. Identify **two external** stakeholder groups of a business.

1 ______________________________

2 ______________________________

[2]

ii. Explain **one** objective which an **internal** stakeholder group of Boots UK may have.

Internal stakeholder group ______________________________

Objective ______________________________

____

____

[2]

(b) Explain **one** advantage to Boots UK of planning business activities.

____

____

____

______________________________ [2]

5(a) **Text 2**

The Works

The Works is a retailer which sells books, toys, gifts and stationery at lower prices than many of its rivals. It has over 430 stores in the UK and Ireland, as well as a website.

The Works currently has over 2 500 employees. The company has a basic aim:

"We aim to be the customer's first-choice value alternative to the full price retailers of the products we sell."

Saranne is a local entrepreneur who wants to set up her own business. She is aware of the success of her local branch of The Works and has decided to open a specialist book store in the same town. She believes there are enough customers for both businesses to succeed. This will be Saranne's first business venture after deciding on a career change since leaving her job working at a local bank. Saranne will need to hire three employees.

i. State **two** possible objectives for a business.

1 ______________________________

____

2 ______________________________

____

[2]

ii. Explain why the objectives of The Works may differ to those of Saranne's new business.

____

____

____

______________________________ **[2]**

(b) State **one** risk for an entrepreneur when starting a new business.

____

______________________________ **[1]**

6 Which one of the following is a disadvantage of being a sole trader?

A May need to work long hours

B Not being allowed to employ staff

C Profits must be shared with others

D Shares must be sold on the stock exchange

Your answer ☐ **[1]**

7 A bakery manufactures and supplies a range of bread loaves to local supermarkets.

Which of the following is the **most** likely effect of the bakery employees refusing to work?

A Deliveries to supermarkets will be disrupted

B Different ingredients will be used to make the bread loaves

C More bread loaves will be produced

D The bread market will become segmented

Your answer ☐ **[1]**

8(a) **Text 3**

Shirtz Ltd

Shirtz Ltd is a private limited company owned by Shamira and her husband, Zubair. The business manufactures colourful T-shirts with logos and pictures on the front.

Shirtz Ltd has been operating from a room in their house. Shamira and Zubair make the T-shirts and sell them through online stores such as Amazon and eBay.

Shamira and Zubair would like to expand the business. They have created a business plan to help them.

Shirtz Ltd's business plan

Aims and objectives
To grow by purchasing new machinery and renting a new location for production

Finance
New finance will be required to fund the business' aims and objectives

Business needs
- New machinery
- Larger premises/location for production

Market research

Price per T-shirt	Estimated sales (T-shirts per month)
£18	600
£16 (current price)	800
£14	1000

Changes to the marketing mix
Product – expand the range of T-shirts produced and sold
Price – set price to gain highest revenue
Place – develop links with a high street shop to sell Shirtz Ltd's products
Promotion – use point of sale promotion

Human resources
Employ two full-time production workers

Analyse **two** benefits to Shamira and Zubair of Shirtz Ltd being a private limited company.

Benefit 1

Benefit 2

[6]

(b) * Evaluate the effectiveness of Shirtz Ltd’s business plan as shown in **Text 3**.

[9]

9 Which of the following is an internal stakeholder of a business that trades as a partnership?

A A customer

B A shareholder

C A supplier

D An employee

Your answer [1]

10 Which of the following are the customers of a business **most** likely to be interested in?

A Employee wages

B Job security

C Product range

D Share dividends

Your answer **[1]**

11 A well-known restaurant chain buys another well-known restaurant chain.

What is this an example of?

A A horizontal takeover

B A vertical merger

C Diversification

D Innovation

Your answer **[1]**

12 Which one of the following is **not** a benefit of being a sole trader?

A Keep all profits

B Own boss

C Pursue personal goals

D Shared responsibility

Your answer **[1]**

13(a) **Text 1**

Boohoo.com

Boohoo was started in 2006 by two entrepreneurs who had the idea of starting a business where customers could buy the latest fashions online.

Boohoo has expanded using organic growth, and has become a global online retailer of its own brand clothes, shoes and accessories. It now sells in over 100 countries. Boohoo charge for delivery. It has millions of website users per month.

The target market for the Boohoo brand is men and women who are 16 to 24 years old and are fashion conscious. To reach this market, Boohoo uses social media. The business is active on Facebook, Twitter, YouTube and Instagram.

Boohoo has also introduced apps for smartphones and tablets that allow customers to browse and buy products very easily.

State **two** characteristics of an entrepreneur.

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[2]

(b) Explain how Boohoo may have expanded using 'organic growth'.

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[2]

(c) Explain how Boohoo's objectives may have changed since 2006.

[2]

END OF QUESTION PAPER

