



Centre Number

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Candidate Number

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General Certificate of Secondary Education  
2018

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## Business Studies

Unit 1

Business Start Up

<b>MV18</b>
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[GBS11]

**WEDNESDAY 23 MAY, MORNING**

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### **Time**

1 hour 20 minutes, plus your additional time allowance.

### **Instructions to Candidates**

Write your Centre Number and Candidate Number in the spaces provided at the top of this page.

**You must answer the questions in the spaces provided.**

**Do not write on blank pages.**

Complete in black ink only.

Answer **all three** questions.

### **Information for Candidates**

The total mark for this paper is 75.

Figures in brackets printed at the end of each question indicate the marks awarded to each question or part question.

Quality of written communication will be assessed in question **2(h)**.

## Answer all questions

1 The boxes below contain types of business organisations in the private sector.

Sole trader

Partnership

plc

Ltd

Franchise

(a) Identify the types of business organisations that have unlimited liability. [1 mark for each]

1. \_\_\_\_\_
2. \_\_\_\_\_

(b) Explain the meaning of limited liability. [2 marks]

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(c) Name **three** advantages of a franchise for either a franchisee or a franchisor. [1 mark for each]

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_

(d) Write the following in full: [1 mark for each]

Ltd \_\_\_\_\_  
plc \_\_\_\_\_

(e) Apart from liability explain **two** reasons why a Ltd business is considered less risky than a sole trading business. [4 marks]

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(f) Explain **two** differences between the public and private sectors. [4 marks]

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(g) Discuss **two** reasons why the Government would want to encourage enterprise. [4 marks]

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2 You have decided to set up your own business, “Kittypup Services”. It will offer a range of different services including overnight accommodation for cats and dogs, dog walking, dog grooming, dog training and small animal veterinary services.

(a) In the table below explain how Kittypup Services would make use of the factors of production.

[2 marks for each]

Land	
Labour	
Capital	
Enterprise	

(b) What **type** of production does Kittypup Services operate in? [1 mark]

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(c) Identify a changing trend across the types of production and explain **one** reason for this trend. [1 mark for trend, 2 marks for reason]

Trend \_\_\_\_\_

Reason \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(d) Discuss **two** factors that might influence the choice of location for Kittypup Services. [4 marks]

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(e) How could Kittypup Services use customer service to add value to the business? [4 marks]

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(f) Kittypup Services have taken on a mortgage. What is a mortgage? Explain **one** advantage and **one** disadvantage of a mortgage for Kittypup Services. [5 marks]

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**(g)** Select any **two** elements of the marketing mix and discuss how they would apply to Kittypup Services. [1 mark for each element, 3 marks for each application]

Element 1 \_\_\_\_\_

Application to business

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Element 2 \_\_\_\_\_

Application to business

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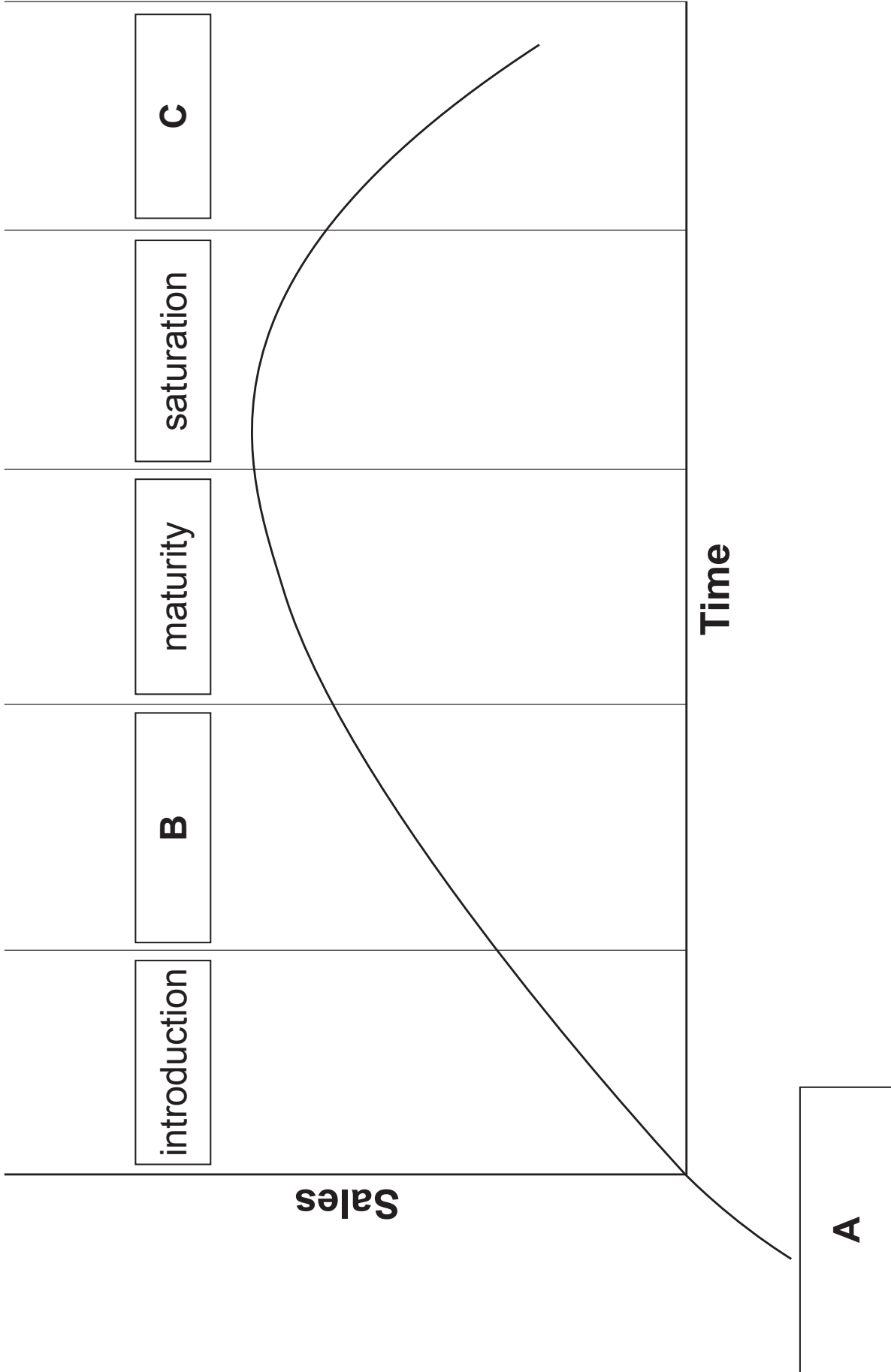
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**3** Study the diagram opposite of a product life cycle.

**(a)** Label the following stages: [1 mark for each label]

**A** \_\_\_\_\_

**B** \_\_\_\_\_

**C** \_\_\_\_\_

**(b)** At the introduction stage which pricing policy is most likely to be used and why? [3 marks]

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**(c)** Discuss the legal constraints on a business when promoting its products. [4 marks]

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For Examiner's use only	
Question Number	Marks
1	
2	
3	

<b>Total Marks</b>	
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Examiner Number

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