



Rewarding Learning

General Certificate of Secondary Education  
2017

Centre Number

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Candidate Number

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## Business Studies

Unit 1  
Business Start Up

MV18

[GBS11]

WEDNESDAY 24 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.**

Complete in black ink only.

Answer **all four** 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 **4(g)**.

## Answer all questions

1 (a) Complete the spaces below: [6 marks]

A \_\_\_\_\_ [1 mark] is one person setting up and running a business. This type of business ownership has \_\_\_\_\_ [1 mark] liability, meaning debts of the business can extend to personal possessions. Ltd stands for \_\_\_\_\_ [1 mark]. This type of business ownership has \_\_\_\_\_ [1 mark] liability and allows finance to be raised by selling \_\_\_\_\_ [1 mark] to \_\_\_\_\_ [1 mark].

(b) Apart from profit, suggest **one** reason why someone might want to start up a business. [2 marks]

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(c) Explain what it means to be enterprising. [2 marks]

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(d) Explain **two** reasons why the government encourages enterprise. [4 marks]

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

- 2 (a) Complete the following table to suggest a suitable aim or stakeholder for each of the following businesses.  
[4 marks, 1 mark for each answer]

Some have been completed for you. You may use each aim or stakeholder only once.

Business	Aim	Stakeholder
JJ Preston Ltd	growth	employees
McDonald's		
Tesco		suppliers
Belfast Zoo	survival	

- (b) Explain how **two** moral and ethical issues might impact on business aims. [4 marks]

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JJ Preston Ltd has the aim of growth and it is considering becoming a plc.

(c) Discuss **two** benefits to the business of becoming a plc.  
[2 marks for each benefit]

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

2. \_\_\_\_\_  
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(d) Examine how decision making would change within the business if it were to become a plc. [4 marks]

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3 CW Drinks is a large scale soft drinks manufacturer. Production cannot take place without the factors of production.

(a) Name **each** factor of production and explain how a business such as CW Drinks makes use of **each** one. [2 marks for each factor and use]

Factor and use

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CW Drinks makes use of batch production.

**(b)** Define batch production and analyse **two** reasons why this is an effective method of production for CW Drinks to use. [6 marks]

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When building a new factory CW Drinks must consider social and environmental issues regarding a possible new location.

(c) Explain **two** social and environmental considerations related to the location of a new factory for CW Drinks.  
[4 marks]

1. \_\_\_\_\_  
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2. \_\_\_\_\_  
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**(Questions continue overleaf)**

4 CafelCE is a new coffee and ice cream café in Belfast. It faces stiff competition from similar cafés and knows that it is important to keep up with recent market research. The owners used the internet to find the following information.

Study the market research results opposite:

(a) From the market research information:

(i) Identify the most popular flavour of ice cream.  
[1 mark]

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(ii) Identify the most popular type of coffee. [1 mark]

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(b) Identify and explain the method of market research used by CafelCE. [3 marks]

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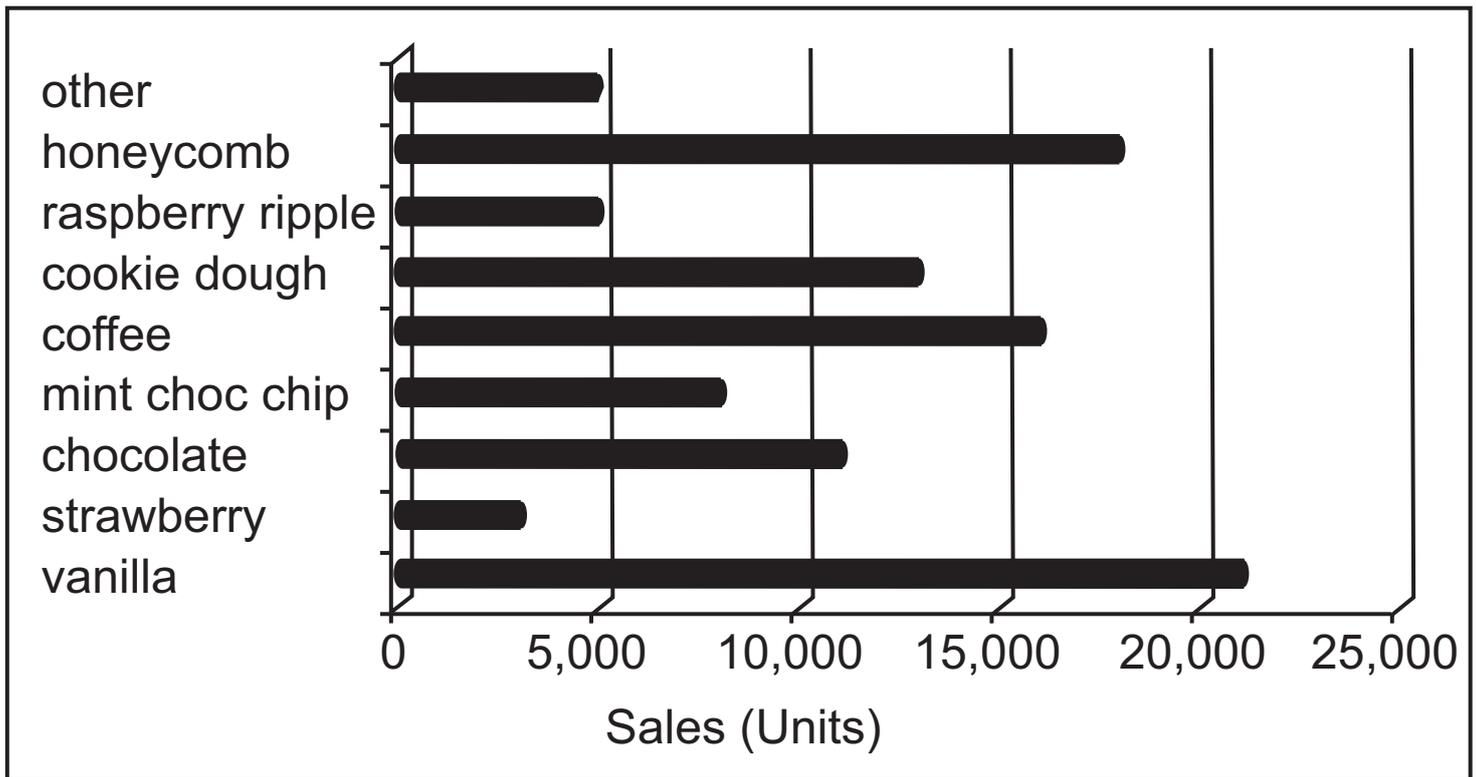
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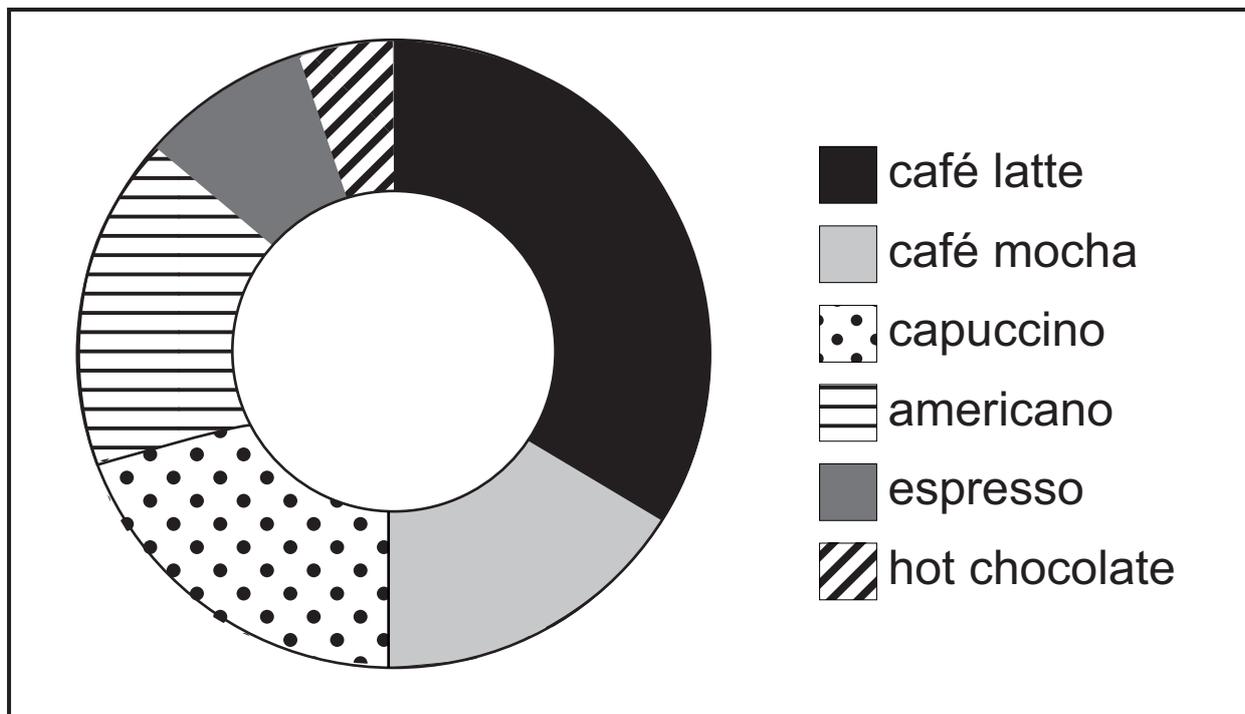
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**Chart 1: Graph to show most popular ice cream flavours – 2016**



**Chart 2: Pie chart to show most popular drinks – 2016**



**(c)** Explain how CafeICE might be able to use this market research information. [4 marks]

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**(d)** Apart from the research data already gathered, suggest what other information might be useful to CafeICE. [2 marks]

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CafelCE makes use of market segmentation and competitor based pricing.

**(e)** Explain the term market segmentation. [2 marks]

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**(f)** Distinguish between competitor based pricing and skimming. [4 marks]

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**(g)** Identify and evaluate **two** strategies that CafeICE could use to manage its competition. [10 marks]

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**THIS IS THE END OF THE QUESTION PAPER**

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Sources

Q4, Chart 1.....© CCEA

Q4, Chart 2.....© CCEA

For Examiner's use only	
Question Number	Marks
1	
2	
3	
4	
<b>Total Marks</b>	

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