END OF TOPIC TEST 3.1 – Student's Version

3.1.1/3.1.2/3.1.3/3.1.4/3.1.5/3.1.6/3.1.7

1	**Give the formula to calculate average unit costs**	
2	**Explain the term 'franchising'**	
3	**Identify 3 examples of stakeholders**	
4	**Explain the term 'e-commerce'**	
5	**Compare fixed and variable costs**	

6	**Explain the term 'opportunity cost'**	
7	**Compare technical and purchasing economies of scale**	
8	**Explain the term 'entrepreneur'**	
9	**Give an example of a not-for-profit organisation**	
10	**Explain the term 'limited liability**	

MULTIPLE CHOICE QUESTION 11

Which of the following types of business have no restrictions on who shares can be sold to?

[1 mark]

A Partnership ⬭

B Private Limited Company ⬭

C Public Limited Company ⬭

D Sole Trader ⬭

MULTIPLE CHOICE QUESTION 12

Which of the following would be an objective of the local community?

[1 mark]

A Businesses maximising profit ⬭

B Businesses paying higher dividends ⬭

C Businesses paying lower wages ⬭

D Businesses reducing environmental impact ⬭

CASE STUDY A

John is a sole trader who owns a business called Adventures. The business was set up seven years ago to sell activity holidays in the UK. John has been a keen water-sports enthusiast for many years. He had been unhappy when working for a large insurance company. He therefore decided to set up Adventures. Adventures offers a range of activities such as windsurfing, canoeing and surfing.

One holiday that Adventures sells is a weekend course where people can learn to windsurf. The business employs an instructor and books the hotel. This is then sold as a package holiday to customers.

Table 1: Cost information for a windsurfing weekend

Number of participants	Fixed costs	Total variable costs
10	£1500	£2600

John strongly believes that a successful business should be a sustainable business. Adventures will only book hotels that take responsibility for their impact on the environment by recycling and using renewable energy. This means Adventures often pay a premium price for accommodation.

Many of John's customers go skiing during the winter months and he would like to expand and sell ski holidays in Italy. John has never skied himself so he has asked his friend Lucas for some advice. Lucas has never run his own business before but has lived and worked in an Italian ski resort called Folgaria for several years. He is familiar with the local hotels there and knows several ski instructors. Lucas does not believe that the business should pay a premium price for hotels but is keen to invest in the business. Lucas would like to form a partnership in which decisions are shared equally with John.

Adventures currently employs eight staff in the UK, who are all keen sporting enthusiasts. Adventures' employees are expected to sell holidays and take payments but also deal with all customer enquiries such as advice on local facilities.

Sales have fallen recently and staff absenteeism has increased. Other rival businesses have increased their salaries. As John is unable to offer a competitive salary, employees have been asking for extra benefits. Discounts on holidays, commission or profit sharing are being used by different competitors.

John is drawing up a business plan to expand into ski holidays in the Italian resort of Folgaria. The business plan outlines the objectives of the business. Within three years, John aims to double profits and would like to have a 30% market share of ski holidays to Folgaria. To achieve this, the business would need to sell on average 2000 ski holidays each winter. Adventures will increase its number of employees to 10 to sell ski holidays, so the company is moving to a new office with more space. The new employees enjoy skiing; one of them will live in the ski resort for the winter and support customers when on holiday.

QUESTION 13 FROM CASE STUDY A

John is considering forming a partnership with his friend Lucas. Although the extra investment his friend will contribute to the business is a benefit, John does not want to make his decision based on this.

Recommend whether John should form a partnership with Lucas.

Give reasons for your recommendation.

[9 marks]

MARKING GRID FOR QUESTION 13

Peer / self marking grid for 9 mark question

Mark	
1-3 marks Level 1 answer	***Basic analysis, knowledge and conclusion, answer is in context*** *What went well: You analysed the business area in the question and gave a conclusion* *Even better if: You had justified your conclusion with evidence from the case study*
4-6 marks Level 2 answer	***Sound analysis, knowledge and conclusion with some justification, in context*** *What went well: You were able to give a conclusion with some justification* *Even better if: You had used a sustained chain (line) of reasoning*
7-9 marks Level 3 answer	**Chains of reason are complete and analysis is relevant** *What went well: You gave a focused conclusion that was full justified* *Even better if: You had used more information from the case study to support your arguments*

QUESTION 14 FROM CASE STUDY A

Analyse **one** benefit to John of drawing up a business plan to expand into ski holidays.

[6 marks]

MARKING GRID FOR QUESTION 14

Peer / self marking grid for 6 mark question

Mark	
1-2 marks Level 1	***Basic knowledge and analysis based on the context*** *What went well: You gave a basic analysis of the case study question* *Even better if: You had used more complete chains of reason*
3-4 marks Level 2	***Sound knowledge and analysis in context*** *What went well: You were able to apply some knowledge and understanding to the case study question* *Even better if: You had fully analysed the case study question*
5-6 marks Level 3	***Detailed analysis of the case study question in context*** *What went well: Your analysis was very detailed and you had full chains of reason* *Even better if: You had used more complex business terms in your answer*