

Surname		Other Names	
Centre Number		Candidate Number	

For Examiner's Use

General Certificate of Education
Practice Exam Paper – Paper TUT01
SPLASH KIDS
 Advanced Subsidiary Examination



BUSINESS STUDIES
Unit 1 Planning and Financing a Business

BUSS1

For this paper you must have:

- A calculator

For Examiner's Use			
Question	Mark	Question	Mark
1			
2			
Total (Column 1)			
Total (Column 2)			
TOTAL			
Examiner's initials			

Instructions

- Use blue or black ink or ball-point pen
- Fill in the boxes at the top of this page
- Answer all questions
- Answer the questions in the spaces provided
- Do all rough work in this book. Cross through any work that you do not want to be marked
- If you need additional space, you should continue your answers at the end of this book, indicating clearly which question you are answering

Information

- The maximum mark for this paper is 60
- The marks for questions are shown in brackets

Please note – this is a practice exam paper only, prepared by tutor2u to help students practice exam-style questions as part of their revision for AQA AS Business Studies Unit 1. This resource is not endorsed by AQA, nor is it designed to predict what may be set in the exam

BUSS1

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

Read the **case study** below and then answer the questions that follow.

Splash Kids

Now that her children had grown up, Maureen O’Grady was looking to spend even more time on her passion – teaching kids to swim. Maureen had always loved her voluntary role as a swimming instructor at the local Council pool and was intrigued when husband Nigel suggested that she turn her interest into a business.

“You should run your own swimming classes” argued Nigel. “There are hundreds of parents around here that would pay you directly to have you teach their kids – you’re so good at it. You taught most of them when they were kids too!” 5

“Where do I start with this idea?” Maureen asked Nigel, an accountant with a local firm. “Simple”, he said, “find out if there is demand for the product and we’ll put a simple business plan together on a spreadsheet. We can set up a private limited company and invest as joint shareholders.” 10

Persuaded to investigate the potential of the idea, Maureen conducted some primary market research. She conducted face-to-face interviews with a sample of 25 parents visiting the pool and asked them about their experiences of swimming lessons. Over 50% of the sample confirmed that they were interested in buying swimming lessons for their children in the next year. The average price they were happy to pay was £12 per lesson for a course of up to 10 lessons per term. 15

“The figures look good” explained Nigel as he took Maureen through his budget for the first year. “I’m budgeting to sell 2,000 lessons in Year 1 at an average price of £10 per lesson. I estimate that our costs will be £2,000 for lane hire at the pool, £750 for equipment, £1,250 for marketing and then £2,000 to cover other costs and contingencies. The budget shows a profit in the first year”. 20

Maureen was encouraged by Nigel’s financial forecasts, but less sure about how the business would be organised.

“There are so many things we need to think about that are not in the budget”, she said. “What about administration, computing, tax and VAT and customer service? Do we need to take out insurance?” “I’ll look at these issues darling”, replied Nigel. “Of course the other option is to invest in a swimming lesson franchise like Splash Kids”. 25

During her research, some of the parents had mentioned that Splash Kids ran swimming programmes at a local school pool and that they were very popular. Splash Kids lesson prices were quite a lot higher than Maureen’s proposed price, but the programme had a waiting list and a recognised brand. Maureen estimated that Splash Kids had a market share of 50%, running approximately 5,000 lessons each year in her local area. Splash Kids charged £12.50 per lesson. 30

Three months later, Maureen and Nigel found themselves sat the pool cafe having a coffee with the Facility Manager, Gordon. “I’m surprised at my poor bookings” explained Maureen. “We’re already 25% below budget and I’ve got loads of spaces left. Our costs are running higher than I expected too.” Gordon had an idea. “Did you know that the Splash Kids franchise for this area is now up for sale? I heard that the current franchisee is retiring and that the franchise could be bought for about £10,000”. 35

Question One

You are advised to spend no more than 20 minutes on this section.

- (a) Define the term “demand” (line 9)?

.....
.....
.....
.....

(2 marks)

- (b) What is meant by the term “franchisee” (line 36)

.....
.....
.....
.....

(2 marks)

- (c) State **two** advantages of Maureen and Nigel setting up the business as a private limited company [line 10]

1

.....
.....

2

.....
.....

(2 marks)

Turn over for the next question

(d) Using the data in the text, calculate the budgeted profit for Maureen and Nigel's business for the first year of trading

.....
.....
.....
.....
.....
.....
.....
.....

(4 marks)

(e) Explain why it was important for Maureen to conduct market research to establish the potential demand for her new swimming lesson business.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

(4 marks)

Turn over for the next question

(f) Using the information provided in the text, calculate:

(i) The annual sales of the local Splash Kids franchise

.....
.....
.....
.....
.....
.....
.....
.....

(3 marks)

(ii) The market share (based on number of lessons) that Maureen and Nigel’s business would achieve in Year 1, assuming that they achieved their budget

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

(3 marks)

Turn over for the next question

