

Candidate Name

Candidate Number

Centre Name

Centre Number

Paper 2: Business Studies

For Examination June 2023

(1 Hour 30 Minutes)

It is necessary to respond on the answer sheets provided alongside this question paper. Additionally, you must have a soft pencil (preferably of type B or HB), a clean eraser and a dark blue or black pen.

INSTRUCTIONS:

- You must write your name, candidate number, centre name and centre number on the answer sheets in the designated spaces.
- Attempt all the questions required using a dark blue or black pen.
- It is important to follow the instructions provided on the answer sheets.
- Do not use correction fluid.
- Avoid writing on any bar codes.

INFORMATION:

The number of marks assigned for every question or its parts is indicated within brackets []

Case Study

Data Response

"Lisa Cox is the owner of Cox Services. She always wanted to run her own business as she wanted to be her own boss and make her own decisions. Cox Services offers a wide range of home services, from unblocking sinks to painting and decorating.

Lisa's parents agreed to lend her the money she needed to start up her business interest free. They had an informal agreement that she would pay them back what she could afford each month.

Cash Flow Forecast for Cox Services:

	February	March	April	May
	£	£	£	£
Cash inflows	2 000	2 300	2 800	3 300
Cash outflows	20 300	800	1 100	1 450
Opening balance	15 000	(3 300)	(1 800)	(100)
Closing balance	(3 300)	(1 800)	(100)	

After running Cox Services from February to May, Lisa was pleased to see that her cash flow forecast had been accurate. However, Lisa's parents have unexpectedly asked her to repay £1000 a month, starting in June, as they are moving to a new house and need the money quickly.

Lisa's parents are now concerned about how soon they will get their money back. They have told Lisa that she should expand her portfolio of services and provide gardening services over the summer months. Gardening services would include mowing lawns, planting and weeding. They have forecast that this could bring in an extra £1000 cash inflow per month. However, to start offering these services, Lisa would need to spend £2000 on gardening equipment. This would increase her cash outflows. She would also need to hire someone to help her do the extra work."

Refer to the scenario and answer the following questions:

- 1) Explain 2 disadvantages of Lisa borrowing money from her parents to set up her business. [10 Marks]
- 2) Calculate the closing balance for May on cash flow forecast, show your workings. [10 Marks]
- 3) State and evaluate the formula for closing balance. [10 Marks]
- 4) Lisa is considering offering gardening services in June, July and August. Recommend whether offering gardening services will improve the long-term future cash flow at Cox Services. [10 Marks]
- 5) Justify your recommendations. [10 Marks]
- 6) Explain three factors that would influence the selection of the promotional mix. [10 Marks]
- 7) Explain two stages of the process of procurement. [10 Marks]
- 8) Explain 2 employment laws & ways a business' production of goods and services could be sustainable. [10 Marks]