

# The Holy Family

## Catholic School

a voluntary academy



### YEAR 11 Trial Examination Summer Term 2024

Student Name \_\_\_\_\_

Candidate Number \_\_\_\_\_

Subject Teacher Mrs C Findlay

Form \_\_\_\_\_

**Subject: Business Studies**

**Title of Paper: Investigating Small Business**

**Duration of Paper: 50 Minutes**

Head of Subject/Lead: Mrs C Findlay

Head of Faculty: Mrs C Findlay

SECTION B

Answer ALL questions.

Read the following extract before answering Questions 4, 5 and 6.

Write your answers in the spaces provided.



© Mind Candy

Mind Candy Ltd produces games and apps for computers and mobile devices. Its most successful game was Moshi Monsters. The game was aimed at young teenagers and was a global hit, with 80 million users in 2012.

In 2013, Mind Candy made large losses as sales revenue fell due to the falling popularity of its games. This was blamed on the short product life cycle of Moshi Monsters and increased competition in its market. As a result of these losses, Mind Candy reduced its workforce of software developers.



(Source from: <https://www.petlandia.com/custom-book.html#create>)

Mind Candy now needed to raise £1.2 million of extra finance. It required this finance to pay existing costs and fund the development of new apps such as Petlandia. Mind Candy believes Petlandia will allow it to return to organic growth. The app is free to download and allows players to design a virtual version of their own pet. This virtual pet can go on an adventure within the app. The adventure is then turned into a personalised storybook which can be purchased for £19.99.

(Source from: 'Moshi Monsters maker Mind Candy fears administration as sales tumble further' by Christopher Williams, 11 OCTOBER 2016 © Telegraph Media Group Limited)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



4 (a) Outline **one** method *Mind Candy* could use to extend the product life cycle of one of its games.

(2)

---

---

---

---

---

---

---

---

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(b) Analyse the impact on *Mind Candy* of reducing the size of its workforce.

(6)

Handwriting practice lines consisting of 20 horizontal lines with a dashed midline.

**(Total for Question 4 = 8 marks)**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

5 Table 2 contains information about *Mind Candy's* performance in 2013.

Sales revenue	£30 560 692
Gross profit	£22 190 385
Other operating expenses and interest	£25 044 332

(Source: adapted from <https://beta.companieshouse.gov.uk/company/05119483/filing-history>)

**Table 2**

(a) Using the information in Table 2, calculate *Mind Candy's* cost of sales. You are advised to show your workings.

(2)

£ .....

(b) Using the information in Table 2, calculate, to 2 decimal places, *Mind Candy's* gross profit margin. You are advised to show your workings.

(2)

.....%





DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

6 (a) State **one** drawback to *Mind Candy* of organic growth.

(1)

---

---

---

(b) Outline **one** method *Mind Candy* could use to promote its new app.

(2)

---

---

---

---

---

---

---

---

---

---



P 5 9 9 2 6 A 0 1 5 2 4

In order to raise the £1.2 million of extra finance needed, *Mind Candy* considered two options:

**Option 1:** retained profit

**Option 2:** share capital.

(c) Justify which **one** of these two options *Mind Candy* should choose.

(9)

Handwriting practice area consisting of 20 horizontal lines.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA





DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice lines consisting of a solid top line, a dashed middle line, and a solid bottom line. There are seven such lines available for writing.

**(Total for Question 6 = 12 marks)**

**TOTAL FOR SECTION B = 30 MARKS**



P 5 9 9 2 6 A 0 1 7 2 4

**SECTION C**

**Answer ALL questions.**

**Read the following extract carefully and then answer Question 7.**

**Write your answers in the spaces provided.**

In August 2017, UK supermarket group *Sainsbury's* decided to cut its costs by £500 million to remain competitive.

One of the changes *Sainsbury's* made was to end its membership of Fairtrade. The Fairtrade scheme gives farmers in countries such as Kenya a higher price for their crops, such as tea. In return, *Sainsbury's* can use the Fairtrade logo on its products. This makes its groceries, such as bananas, more attractive to ethically-minded customers.



© Fairtrade Foundation 2017

*Sainsbury's* has decided to replace Fairtrade with its own scheme called 'Fairly Traded'. Critics of the change believe that it confuses customers. Protests about this change have already been held in London.



© andrew aitchison

*Sainsbury's* also decided to reduce its head office workforce by 1,000. This allowed the company to increase wages for its shop floor employees, including checkout operators and shelf stackers, by 4.4% to £8 per hour. This reduced the wage difference with Aldi, which pays £8.53 per hour. *Sainsbury's* wants to retrain shop floor employees to improve the customer service in its stores.

(Source: adapted from <https://www.theguardian.com/business/2017/jul/09/sainsburys-finds-itself-in-hot-water-over-fairtrade-tea>)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

7 (a) Give **one** stage of the sales process.

(1)

---

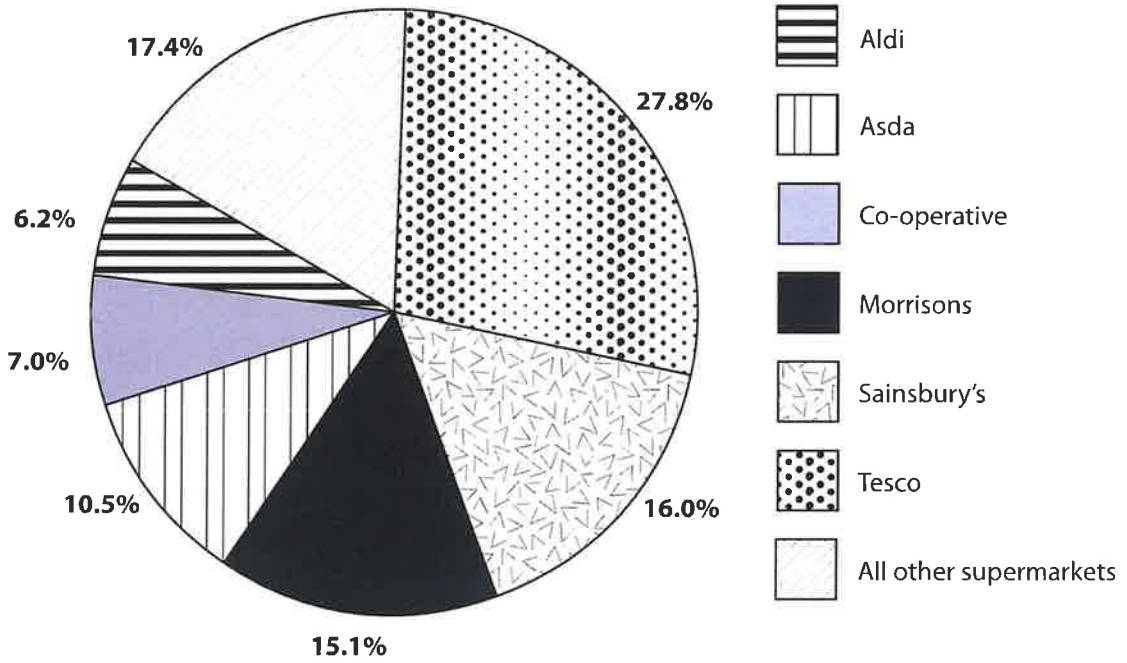


---



---

Figure 2 shows the market share of UK supermarkets in 2017.



**Figure 2**

(Source: <https://www.kantarworldpanel.com/en/grocery-market-share/great-britain>)

(b) Using the information in Figure 2, identify the UK supermarket with a larger market share than *Sainsbury's*.

(1)

---



---



---



P 5 9 9 2 6 A 0 1 9 2 4

(c) Outline **one** advantage to *Sainsbury's* of improving its customer service.

(2)

---

---

---

---

---

---

---

---

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(e) Evaluate the likely impact on *Sainsbury's* of replacing Fairtrade with its own Fairly Traded scheme. You should use the information provided as well as your knowledge of business.

(12)

Lined writing area for the answer.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(Total for Question 7 = 25 marks)

**TOTAL FOR SECTION C = 25 MARKS**

**TOTAL FOR PAPER = 90 MARKS**

