

# AQA A Level Business

## Unit Assessment

This Unit Assessment covers:

**3.1 What is Business**

**3.2 Managers, leadership  
and decision making**

⌚ 1 hour

🎯 The maximum mark for this topic test is 50

Name

Centre Name

# AQA A Level Business Unit Assessment

## Section A

ANSWER ALL QUESTIONS IN THIS SECTION

01 In a stakeholder map, stakeholders with a high level of interest and a low level of power would be classified as

- A Keep informed
- B Keep satisfied
- C Minimal effort
- D Key players

02 An impoverished leadership style is one where a leader has a

- A High concern for people and a low concern for production
- B Low concern for people and a high concern for production
- C High concern for people and a high concern for production
- D Low concern for people and a low concern for production

03 Last year a business had total costs of £55m of which £10m were fixed. If the variable costs per unit were £25 how many units did the business produce?

- A 400,000 units
- B 2,200,000 units
- C 1,800,000 units
- D 2,600,000 units

04 A retailer is considering investing £190,000 in a second store. The probability that sales will be £300,000 is 0.6 and the probability that sales will be £150,000 is 0.4. What is the net gain?

- A £50,000
- B £240,000
- C £180,000
- D £60,000

05 Which of the following would **not** be a role of a manager

- A Making decisions
- B Setting objectives
- C Deciding on corporate strategy
- D Analysing

## Section C

ANSWER ALL QUESTIONS IN THIS SECTION

With modern coffee shops well established in the UK it was only a matter of time before the humble cup of tea underwent a similar change. The demand for tea and tea rooms has grown significantly over the past few years, partly down to the increase in demand for afternoon tea which has been put down to the success of the Great British Bake Off. According to a report by market research firm Mintel, demand is rising fastest amongst young people aged between 25 and 34.

Entrepreneur Jenny Taylor has made the most of this trend. She started her artisan tea business, 'HonestTEA', as a sole trader. Jenny sources high quality whole leaf tea from Sri Lanka, creating individually-designed and quirky packaging and selling it across the world.

Jenny is keen to expand the business and is planning to launch her first 'HonestTEA' tea room in Northumberland, targeting a young, urban, affluent crowd and serving only the finest Sri Lankan tea. Jenny is risk averse and believes in obtaining as much data as possible before making decisions. After spending several months gathering information she has found two potential locations which she believes maybe be suitable (see figure 1 below).

**Figure 1: Location information based on market research carried out by Jules**

	Shopping Centre	High Street
Monthly fixed costs	£3,000	£4,300
Forecasted monthly customers	570	490
Forecasted customer spend per visit	£10	£14
Variable cost per customer	£3	£3

Her market research has also revealed that there are plans to invest £900,000 in the shopping centre which will include increasing the number of shops, extending the opening hours and attaching a two level multi-storey car park. The high street location is in a more affluent area of Northumberland and the premises were previously used as a café.

In order to fund her expansion, Jenny will need a significant amount of finance. Although interest rates are at an all-time low, she has decided that the expansion should be financed by forming a private limited company, inviting people to purchase shares in her business.

# AQA A Level Business

## Unit Assessment

This Unit Assessment covers:

**3.1 What is Business**

**3.2 Managers, leadership  
and decision making**

Level	The candidate will typically demonstrate:	Marks
<b>1</b>	<p><b>A limited response overall with little focus on the demands of the question</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>➔ demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>➔ demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question</li> <li>➔ make judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole</li> </ul>	<b>1-4 marks</b>

Examples of how the assessment objectives might be met in this question include:

- ➔ demonstrate knowledge and understanding of relevant issues such as sole traders and private limited companies (A01)
- ➔ be applied to the context of Jenny and HonestTEA (A02)
- ➔ analyse the possible reasons for staying as a sole trader/ changing to a private limited company (A03)
- ➔ evaluate qualitative and quantitative information to make a judgement as to whether or not Jenny should remain as a sole trader or form a private limited company (A04)

#### Possible response:

Jenny is right to change ownership to a private limited company:

- ➔ The change of ownership may attract extra investment at a time that this is needed for expansion.
- ➔ Ltd will give Jenny the advantage of limited liability – as the business grows the risk of unlimited liability may become a greater concern and changing ownership will help this
- ➔ The other shareholders may offer help and support beyond the financial investment and this may be important in complementing Jenny's skills set
- ➔ In a Ltd. shareholders are 'invited' and Jenny can therefore choose people that are suitable to the style of business she wishes to develop
- ➔ Jenny could structure the sale of shares to ensure that she remains the major or even majority shareholder – allowing her to maintain control of the business decisions

Jenny is right to change ownership to a private limited company:

- ➔ As a sole trader she has full control
- ➔ She has been successful so far and will the change hinder this in the future
- ➔ The attraction seems to be mainly financial – there are other options to raise finance e.g. traditional loans; going into partnership; looking to a venture capitalist. This may be especially relevant as interest rates are currently at an all-time low
- ➔ Jenny is inviting people to invest – who are these people; have they got enough money; what are their motives for investing. – It is also unclear whether she currently has these people lined up