1.6 Entrepreneurship: Risk, Reward and Assessing Business Viability: 10-minute Pack

AQA 7132 · Calculator allowed · about 10 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions. For calculations show your working. At least two questions require full-sentence answers (the 8-mark analysis and the 9-mark recommendation). The fictional case 'Riya's Bike Repairs' is used where indicated.

1 Which one of the following best describes why a cash-flow forecast is important to judge short-term viability of a start-up like Riya's Bike Repairs?

- ☐ A) It shows when cash will be received and paid so short-term shortages can be identified
- ☐ B) It guarantees the business will make a profit
- ☐ C) It records historic sales only
- ☐ D) It replaces the need for market research

(Total for Question 1 is 1 mark)

2 Define 'reward' for an entrepreneur setting up a new business in the UK.

(Total for Question 2 is 1 mark)

3 State two ways Riya could reduce the financial risk of the business before opening, using realistic practical steps.

(Total for Question 3 is 2 marks)

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4 State two common motives an entrepreneur might have for starting a new business in the UK.

(Total for Question 4 is 2 marks)

5 Explain one way a small start-up can reduce risk before launch, referring to a simple market test or pilot scheme.

(Total for Question 5 is 3 marks)

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Mark scheme · 1.6 Entrepreneurship: Risk, Reward and Assessing Business Viability: 10-minute Pack

Question 1

A cao **B1**

Answer: A

Question 2

a short definition, e.g. financial gain or other benefits that an entrepreneur gets if the business succeeds **B1**

Answer: The financial gain or other benefits an entrepreneur receives if the business succeeds, such as profit, increased wealth or personal satisfaction.

Question 3

reduce fixed costs, e.g. negotiate lower rent or start from a smaller workshop or shared space **B1**

test demand and reduce inventory cost, e.g. offer mobile repairs or pop-up weekends before signing a long lease **B1**

Answer: Any two, e.g. negotiate lower rent or use a smaller/shared workshop; run mobile repairs or pop-up events first to test demand and avoid heavy stock commitments.

Question 4

to earn profit/make money **B1**

to be independent or to be their own boss, or to pursue a personal interest/passion **B1**

Answer: Any two, e.g. to earn profit; to be independent or their own boss; to pursue a passion or solve a problem.

Question 5

identifies a method, e.g. run a small pilot or use a pop-up sales event **B1**

develops how it reduces risk, e.g. tests demand and gets customer feedback without large investment **B1**

links to an outcome, e.g. the entrepreneur can refine the product and avoid costly mistakes at scale **B1**

Answer: Run a small pilot or pop-up to test demand and gather customer feedback; this reduces risk by avoiding large upfront investment and allowing refinement of the offering before full launch.

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