1.1 The purpose of business and enterprise: Test Pack

AQA 8132 · Calculator allowed · about 20 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions in the spaces provided. Show your working for any calculation: method marks are available even if your final answer is wrong. Bramblewick Candle Co, used throughout this pack, is a fictional business.

1 Which one of the following best describes the primary purpose of a business?

- ☐ A) To provide entertainment for its customers
- ☐ B) To produce goods and/or services that meet customer needs and wants
- ☐ C) To avoid taking any financial risk
- ☐ D) To spend as much money as possible on new premises

(Total for Question 1 is 1 mark)

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2 State two ways in which a new business could find out whether customers would want its product before it launches.

(Total for Question 2 is 2 marks)

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3 For each description below, identify which of the four factors of production (land, labour, capital or enterprise) it represents at Bramblewick Candle Co.

(a) The workshop space and raw materials, such as wax, that Bramblewick Candle Co uses. **(1)**

(b) The time and effort Priya and any staff put into making the candles. **(1)**

(c) The money invested in equipment, jars and stock. **(1)**

(d) Priya's own willingness to take the risk of organising the other three factors to run the business. **(1)**

(Total for Question 3 is 4 marks)

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4 Kestrel Bikes, a fictional shop, sells 48 refurbished bikes in a month at £140 each. Its costs for the month are £5,120.

(a) Calculate the shop's revenue for the month. Show your working. **(2)**

(b) Calculate the shop's profit for the month. Show your working. **(2)**

(Total for Question 4 is 4 marks)

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5 Define the term 'opportunity cost'.

(Total for Question 5 is 1 mark)

6 Explain one way in which a business could respond to a change in what its customers want.

(Total for Question 6 is 3 marks)

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Mark scheme · 1.1 The purpose of business and enterprise: Test Pack

Question 1

B cao **B1**

Answer: B

Question 2

one valid method, e.g. asking potential customers to complete a survey or questionnaire **B1**

a second valid method, e.g. selling a small trial batch at a market stall, holding a focus group, or looking at what similar businesses sell **B1**

Answer: Any two of: a survey, a trial batch at a market stall, a focus group, looking at similar businesses.

Question 3

(a) land (natural resources) **B1**

(a) Answer: Land.

(b) labour **B1**

(b) Answer: Labour.

(c) capital **B1**

(c) Answer: Capital.

(d) enterprise **B1**

(d) Answer: Enterprise.

Question 4

(a) 48 x 140 seen **M1**

(a) £6,720 cao **A1**

(a) Answer: £6,720.

(b) 6,720 - 5,120 seen (ft from part a) **M1**

(b) £1,600 cao **A1**

(b) Answer: £1,600.

Question 5

the value of the next best alternative given up when a choice is made **B1**

Answer: Opportunity cost is the value of the next best alternative given up when a choice is made.

Question 6

identifies a response, e.g. a cafe adds a new product that customers are asking for, such as plant-based milks **B1**

develops the point, e.g. customers who would have gone elsewhere can now find what they want without going to a rival **B1**

links to an outcome, e.g. sales and customer loyalty are likely to rise, or the business may attract new customers **B1**

Answer: It could change its products to match what customers now want, which keeps existing customers and attracts new ones, so sales rise.

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