1.3 Business aims and objectives: 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. Cinder & Sail Outdoor Gear, used throughout this pack, is a fictional business.

1 Which one of the following best describes a business objective?

- ☐ A) A business's very first idea for a product
- ☐ B) A specific, measurable target set to help a business achieve its overall aim
- ☐ C) The name of the business's founder
- ☐ D) A business's total assets

(Total for Question 1 is 1 mark)

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2 Which one of the following is NOT one of the five SMART criteria used to write a good business objective?

- ☐ A) Specific
- ☐ B) Measurable
- ☐ C) Ambitious
- ☐ D) Time-related

(Total for Question 2 is 1 mark)

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3 State one way a business could measure whether it is meeting an objective of improving customer satisfaction.

(Total for Question 3 is 1 mark)

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4 State two reasons why survival is likely to be the most important objective for a brand new business.

(Total for Question 4 is 2 marks)

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5 A new cafe sets the objective 'survive its first year'. Which one of the following is the best way to measure whether it has met this objective?

- ☐ A) The number of followers on its social media pages
- ☐ B) The number of staff it employs
- ☐ C) Whether it is still trading and covering its costs at the end of the year
- ☐ D) The size of its dining area

(Total for Question 5 is 1 mark)

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6 A bakery's revenue this year is £80,000. It sets an objective to grow its revenue by 10% each year for the next two years, each year measured against the year before.
Calculate the revenue it needs at the end of the second year to meet this objective. Show your working.

(Total for Question 6 is 3 marks)

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7 Explain one way in which a business could use its objectives to judge how well it has performed.

(Total for Question 7 is 3 marks)

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8 Explain one reason why a business's growth objective might conflict with its profit objective in the short term.

(Total for Question 8 is 3 marks)

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Mark scheme · 1.3 Business aims and objectives: Test Pack

Question 1

B cao **B1**

Answer: B

Question 2

C cao **B1**

Answer: C

Question 3

a valid measure, e.g. a customer survey or feedback score, the number of complaints, online review ratings, or the number of repeat customers **B1**

Answer: Any one of: a customer survey, the number of complaints, review ratings, repeat customers.

Question 4

one acceptable reason, e.g. sales are often low and uncertain in the first months of trading, so the business must focus on covering its costs **B1**

a second acceptable reason, e.g. it must establish itself against existing competitors before it can realistically pursue other goals such as growth **B1**

Answer: Any two, e.g. sales are low/uncertain at first, so covering costs comes first; the business must establish itself against competitors before pursuing other goals.

Question 5

C cao **B1**

Answer: C

Question 6

80,000 x 1.10 = 88,000 seen (end of year 1) **M1**

88,000 x 1.10 seen (end of year 2) **M1**

£96,800 cao **A1**

Answer: £96,800.

Question 7

identifies a way, e.g. it compares its actual results, such as sales or profit, with the target in the objective **B1**

develops the point, e.g. if sales are 10% below the target the business can see where it has fallen short **B1**

links to an outcome, e.g. it can then change its marketing, prices or costs to get back on target **B1**

Answer: It compares actual results with the targets it set and, if there is a shortfall, changes what it does.

Question 8

identifies a reason, e.g. growing the business means spending on new premises, staff or marketing **B1**

develops the point, e.g. these costs are paid before the extra sales arrive, so profit in the year of expansion is lower **B1**

links to an outcome, e.g. the business may miss its profit target, or may need to decide which objective matters more this year **B1**

Answer: Expansion spending comes before the extra sales, so short-term profit falls and the profit target may be missed.

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