1.6 Business planning: 10-minute Pack

AQA 8132 · Calculator allowed · about 10 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. Nettlecombe Bicycles, used throughout this pack, is a fictional business.

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

- ☐ A) A document that guarantees a new business will succeed
- ☐ B) A written document setting out a business's aims, market, and financial forecasts, used to plan and to raise finance
- ☐ C) A legal requirement to trade as a sole trader
- ☐ D) A list of a business's past customers

(Total for Question 1 is 1 mark)

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2 Which one of the following is a genuine reason why a bank is likely to ask for a business plan before agreeing to lend money to a new business?

- ☐ A) To check the owner's handwriting
- ☐ B) To assess how likely the business is to succeed and be able to repay the loan
- ☐ C) To decide the business's logo colours
- ☐ D) Banks never ask for a business plan

(Total for Question 2 is 1 mark)

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3 State two sections that would typically be included in a business plan.

(Total for Question 3 is 2 marks)

4 Explain one reason why writing a business plan can reduce the risk of a new business like Nettlecombe Bicycles failing.

(Total for Question 4 is 3 marks)

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Mark scheme · 1.6 Business planning: 10-minute Pack

Question 1

B cao **B1**

Answer: B

Question 2

B cao **B1**

Answer: B

Question 3

one acceptable section, e.g. the business's aims and objectives **B1**

a second acceptable section, e.g. market research findings, financial forecasts (cash flow/break-even), or the finance required and how it will be used **B1**

Answer: Any two, e.g. aims and objectives; financial forecasts.

Question 4

identifies a reason, e.g. writing a plan forces the owner to research and think through the market, costs and finance needed before spending any money **B1**

develops the point, e.g. this can reveal problems, such as insufficient demand or too little start-up finance, while they are still easy to fix on paper **B1**

links clearly to an outcome, e.g. this reduces the chance of the business running out of money or customers once it has actually started trading **B1**

Answer: Writing a plan forces the owner to research the market, costs and finance needed in advance, revealing problems like insufficient demand or finance while still easy to fix, reducing the risk of the business running into trouble once trading.

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