Heston COMMUNITY SCHOOL

Induction Pack Summer 2026

Task 1

AO1: As part of an independent learner, you need to come to lessons prepared, make notes on the following topics- these topics will help you for your aptitude test in September.

A level Business Specification

https://qualifications.pearson.com/content/dam/pdf/A%20Level/Business%20Studies/2015/specification-and-sample-assessment-materials/9781446914694_GCE2015_A_BUS_WEB.PDF

- Break-even (2.2.3)
- Entrepreneur Motives (1.5.2)
- Different production methods (2.4.1)
- Profit, Cost and Revenue (2.2.2 & 2.3.1)

Break-even, Profit, Cost and Revenue questions

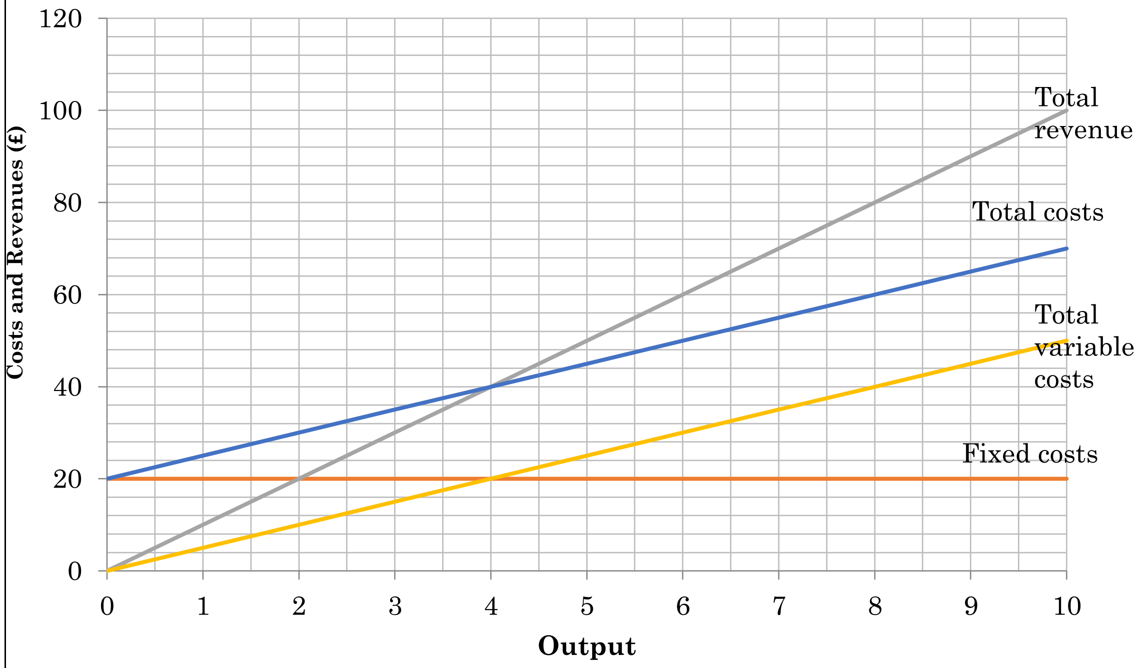
Q1	Fill in the gaps
	If a business is breaking even it is neither making a profit nor a ______. To calculate how many units a business must sell to break-even, they must first calculate their contribution per unit. This equals the ____________________ minus the _______________. Break-even output is calculated by the following formula: _____________________ divided by ______________________ . The higher the firm's __________________ , the greater the break-even output will be. ___________________________ refers to the difference in output between the break-even output and the number of units sold.
	Choose from: contribution per unit, average selling price, margin of safety, loss, variable cost per unit, fixed costs

Q2	Calculation time
	Average selling price: £4 Variable cost per unit: £1.50 Total fixed costs: £50,000 Planned output: 25,000 Using the data above, calculate the following: Contribution per unit Total contribution if planned output is sold Break-even output Margin of safety if planned output is sold

Q3 The Break-Even Chart

Use the chart to answer the following questions:

What is this firm’s price?



What is break-even output?

What is their margin of safety if six units are sold?

What profit/loss will be made if eight units are sold?

What percentage of the total costs at 9 units of output are fixed?

Imagine fixed costs double. Amend the diagram above and calculate the new break-even output.

4	Explain the impact of the following changes on a firm’s break-even point
	A shop’s rent increases. The business lowers its selling price. Raw material costs fall.

Q5	True or False?
	Break-even output is calculated by fixed costs divided by total contribution. The wider range of products and prices a business has, the more useful break-even analysis is. If a business has a positive margin of safety, it will make a profit. If total contribution is less than the total fixed costs, the business will break-even. A rise in selling price will make the total revenue curve steeper.

Entrepreneur Motives questions

Q1	Fill in the gaps
	An entrepreneur is an individual who takes the risk to start up a new business. They can however work within a large organisation where they are known as an . Firms like Facebook and Google need risk taking and innovation so an spirit may be crucial in keeping ahead of potential new rivals. Entrepreneurs need to spot an and then act upon it by raising the finance and establishing the business. Market and primary and secondary can help assess the opportunities available. The main financial for starting a business are profit maximisation and ……………….. (making a satisfactory level of profit for the owner). Non-financial motives could include the need for independence, working from home or moral ( ) reasons.
	Choose from: research; ethical; intrapreneur; satisficing; entrepreneurial; motive; mapping; opportunity

Q2	Hidden word – take the first letter from each answer to make a mystery word
	2.1 The motive for most entrepreneurs where revenue exceeds cost 2.2 The next best alternative foregone when making a business decision 2.3 The characteristic of surviving knock backs and bouncing back 2.4 Where by having more of one thing it means less of another 2.5 A person who takes risk in starting their own business venture 2.6 What an entrepreneur receives for taking risk. Something you give a good dog!

Q3	Anagrams – find the business term using the clue provided underneath
	3.1 ANGE TOILED Passing authority to others by a reluctant entrepreneur 3.2 FAGS SINITIC Making “enough” but not the maximum level of reward 3.3 EARNER TURNIP Creative individual within a larger firm 3.4 RICHER YAH New layers of management make this greater

Q4	Explain why:
	An entrepreneur may find it difficult to adjust their role as the firm expands An entrepreneur would gain more independence setting up their own business Innovation is often the key to survival of small firms

Different production methods questions

Case Study: British Classic Cars Ltd

Based in Buckinghamshire, British Classic Cars have been serving a niche market for many years building hand crafted old fashioned sports cars based on designs from the 1930's and 1940's. It is not only the car designs that are ancient (although that is what the customers love) but also the way they are made. The factory can only produce 9 cars per week as the cars are still made using the same manufacturing techniques as in the 1930's when the company was established. The very labour intensive process involves workers pushing cars from one workstation to another with not even the use of any automated jig or conveyor system. The tools used are very old fashioned with not a single use of automation so the cars can be lovingly made in the old fashioned way. It takes a worker 3 years to be trained from a sheet metal apprentice craftsman to be fully qualified to work alone on any workstation.

The hand crafted cars have a loyal customer base willing to pay the £45,000 price tag which is seen as very affordable and reasonable to the buyers on the waiting list. The manufacturing cost of each car is £30,000 for which labour accounts for 40%. For anyone wanted to order a car there is a 3 year waiting list as productivity simply cannot cope with demand.

Operations manager Alan Carrie has conducted a thorough audit into how productivity can be raised. He held a meeting with the workers who stated that they would only try to produce 10 cars per week if they were given a 15% pay rise to compensate them for their extra efforts. An operations consultant was brought in to look at how new technologies could help in the process. He has recommended that some automation is introduced which could boost production by introducing some power tools to the craft workers and using a new jig conveyor system. Chairman James Hart has reservations about moving away from the labour intensive methods his father established in the 30's and has a fear of change, as with the workforce, most of whom have worked using the same methods in the same factory for all of their working life.

Despite James Hart disliking change he is also frustrated by potential buyers who have cancelled their order by the time they reach the top of the waiting list. Some are ordering classic cars from overseas which is still quicker than buying from British Classic Cars, and often cheaper. He is also under pressure from family members who have seen the profitability of the company decline in recent years leaving less dividends for them to enjoy. There is little in the way of cash flow either which is starting to affect many decisions over future investment. Alan Carrie has let the Chairman know that productivity seriously needs improving with new working methods and technology but fears that staff resistance is going to be the biggest obstacle to any changes on the production line.

Exam-style questions

1. Assess the drawbacks to British Classic Cars of using labour intensive production (10 marks)

2. Evaluate whether staff resistance will be the biggest obstacle to the planned changes at British Classic Cars? (20 marks)