

AS Business  
Summer Assignment  
2020

1. Research the following types of business ownership, giving a definition, advantages and disadvantages of each:

| Ownership type          | Definition | Advantages | Disadvantages |
|-------------------------|------------|------------|---------------|
| Sole trader             |            |            |               |
| Private Limited Company |            |            |               |
| Public Limited Company  |            |            |               |
| Not for profit          |            |            |               |

2. Write the definition of a shareholder:

3. You will now research various leadership styles. You may find the following link useful to you to carry out some research, there are notes pages to click to on this page as well as a quiz you can take:

<https://www.tutor2u.net/business/reference/leadership-management-styles-revision-quiz>

Research and make notes on the following types of leadership:

Autocratic

Paternalistic

Democratic

Laissez-faire

4. Analyse **one** possible reason why a supermarket manager might adopt an autocratic leadership style. (6 marks)

5. Research The Blake and Mouton Grid, draw the diagram below (or print a picture and glue it in).

6. A business has lower productivity than other firms similar to itself and the Director feels that staff do not work to their full potential. Explain which leadership style you think would be most suitable and why (5 marks).

7. Research the Tannenbaum and Schmidt Continuum, do a drawing and summarise your main findings:

8. Research decision trees, make sure you can answer questions on them, including their use, advantages and disadvantages, you can use the following links to help you.

<https://www.tutor2u.net/business/reference/decision-trees>

<https://www.tutor2u.net/business/reference/quantitative-skills-decision-trees-webinar>

9. Park Leisure Ltd own and operate 10 holiday parks throughout the UK, all of which are in stunning country and coastal locations. The owners of Park Leisure are considering two options to increase profits. One option is to open a further park in the UK. The other option is to open a park in the South of France. UK Park The cost of opening a further park in the UK is estimated to be £1.5 million. The probability of the venture being a success is 0.7. This would result in estimated sales of £2.2 million. Failure would result in estimated sales of £800,000. South of France Park The cost of opening a park in the South of France is estimated to be £2.2 million. The probability of the venture being a success is 0.6. This would result in estimated sales of £3 million. Failure would result in estimated sales of £1.8 million.

Calculate the net gain for both parks. (6 marks) Please show your workings below:

10. Learn how to do the following calculations:

Capacity utilisation: Current output divided by possible maximum output multiplied by 100

Labour productivity: Total output divided by total number of employees

Breakeven analysis: Fixed costs divided by (selling price per unit minus variable cost per unit).

There are video's on these calculations with the following link – you need to understand how to calculate them and why they might be used and how to interpret what they are telling you.

<https://www.tutor2u.net/business/collections/business-maths>

<https://www.tutor2u.net/business/reference/labour-productivity-video>

<https://www.tutor2u.net/business/reference/labour-productivity>

<https://www.tutor2u.net/business/collections/key-topics-breakeven-analysis>

<https://www.tutor2u.net/business/reference/capacity-utilisation>

## Exam Question

Study Source A. Peter is considering becoming a private limited company. To what extent do you believe this is the correct decision? (16 marks)

**Total:** 16 marks

### Source A: Mirage Fashion

Mirage Fashion is a business located in Birmingham. It manufactures and produces clothing in the UK and all its suppliers are sourced within the UK. This is viewed very favourably by its customers. It produces clothing for itself and sells it under its own brand name via the internet and also through its own Mirage Fashion shops on the High Street. Mirage only started selling clothing online in January 2014. Mirage sold its products in 22 different countries in 2014. It currently has on average 25 applications for each job vacancy.

Mirage Fashion has been operating for over 40 years and has built up a strong level of brand loyalty during that time. This has allowed it to launch new products more easily as it already has an established brand name. Market research has shown the company that 75% of its sales are as a result of repeat custom and 54% of its online sales are in the evenings.

Mirage Fashion is owned by Peter Jones and is run as a sole trader. Peter enjoys having total control of the business and in recent years has been heavily rewarded with large profits as the business has grown.

Mirage Fashion operates a soft HRM approach. It believes the key to its success over the last 40 years has been its excellent employee and employer relations. It invests heavily in training and pays its employees 8% above the industry average. The industry average for labour productivity is 1,500 units per annum per employee. Employees are involved in the decision-making process and are keen to offer suggestions to help the business improve. Management will take employees' opinions into consideration when making key decisions within the business. In the past this has led to the business missing out on first mover advantage. It has, however, led to the business launching four new products in the last 12 months.

Peter Jones would like to expand the company further in the next five years and believes that he would require £5.4m in capital in order for the business to reach its optimum level. He believes that in 2020 he would be making a profit of £4m a year if he were to expand the business. He does not have the financial resources available, however, and is reluctant to get a bank loan due to the financial strain it will put the business under in the short and medium term. One method Peter is considering is to become an LTD. He has valued his business at £9m and would raise the finance necessary by selling 60% of the shares in Mirage Fashion if he were to set up as a limited company. He has already had some business contacts and friends express an interest in investing in his business. They would also bring additional skills and knowledge to the business.

As part of Peter's expansion he would like to offshore some manufacturing to China. This would lead to 100 redundancies within the existing staff. Trade unions are likely to take industrial action because of this. Mirage Fashion would also source Chinese suppliers if it were to relocate there. This would save the business an estimated £250,000 per annum on wages and help Peter reach the £5m profit target. It would pass some of this cost saving to its customers.







