

GCSE Business Revision

Key terms, break-even, profit, cash flow and a café case study with exam-style questions.

Name _____ Date _____ Class _____

Learning objective: I can apply business calculations and concepts to a case study.

✓ I can define key terms ✓ I can calculate break-even and profit ✓ I can evaluate a decision

1 Key terms Match each term to its meaning.

1 entrepreneur	☐	A owners can lose only the money they invested
2 opportunity cost	☐	B a person who sets up and runs a business, taking risks
3 stakeholder	☐	C dividing a market into groups of similar customers
4 market segmentation	☐	D anyone with an interest in, or affected by, a business
5 limited liability	☐	E collecting new data first-hand, e.g. a survey
6 primary research	☐	F the next best alternative given up when making a choice

Case study – Bean There Café (fictional): Priya runs a small café. She sells hot drinks for £5.00 each. Each drink costs £2.00 to make (variable cost). Her fixed costs are £6,000 per month.

2 Calculations Show your working.

1 Calculate the contribution per drink. [2 marks]

2 Calculate the break-even number of drinks per month. [2 marks]

3 Priya sells 2,500 drinks in a month. Calculate her profit. [3 marks]

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3 Cash flow Complete the cash-flow forecast for one month.

	£
Opening balance	2,000
Cash in (sales)	4,500
Cash out (costs)	5,200
Net cash flow	
Closing balance	

4 Apply and analyse

- 1 Priya is deciding between a sole trader structure and setting up a private limited company (Ltd). Give **one** advantage of each. [4 marks]

- 2 Suggest **two** methods of promotion Priya could use, and explain one. [3 marks]

- 3 Explain one way Priya could motivate her two part-time staff. [2 marks]

5 Evaluate

Should Priya open a second café? Recommend and justify a decision using the information above.

[9 marks]

Answer Key

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Question	Answers
1 Key terms	1 B; 2 F; 3 D; 4 C; 5 A; 6 E
2 Calculations	1. $\pounds 5.00 - \pounds 2.00 = \pounds 3.00$ 2. $\pounds 6,000 \div \pounds 3.00 = 2,000$ drinks 3. revenue $\pounds 12,500 - \text{total costs } (\pounds 6,000 + \pounds 5,000) = \pounds 1,500$
3 Cash flow	Net cash flow – $\pounds$: -700 Closing balance – $\pounds$: 1,300
4 Apply and analyse	1. Sole trader: easy/cheap to set up, keeps all profit, full control. Ltd: limited liability protects personal assets; easier to raise finance; separate legal identity. 2. e.g. social media posts, loyalty cards, local leaflets, opening offers; explanation linked to a small local café with a limited budget. 3. e.g. bonus/commission, praise and recognition, training, flexible hours – linked to staff performance and customer service.
5 Evaluate	Look for: • Uses the figures: profit, break-even, the cash-flow forecast (a negative month) • Weighs the benefits (more sales) against the risks (cost, opportunity cost, cash flow) • Clear justified recommendation

Teaching note: the café is fictional. Calculations were worked out in code. Mark totals reflect typical GCSE command words (calculate, explain, analyse, evaluate).