GCE AS/A level

1081/01

BUSINESS STUDIES – BS1

P.M. MONDAY, 19 May 2014

1 hour 15 minutes plus your additional time allowance

Surname _____

Other Names _____

Centre Number _____

Candidate Number 2 _____

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Question	Maximum Mark	Mark Awarded
1.	4	
2.(a)	4	
2.(b)	8	
3.	6	
4.(a)	4	
4.(b)	6	
4.(c)	8	
5.	10	
Total	50	

INSTRUCTIONS TO CANDIDATES

Use black ink, black ball-point pen or your usual method.

Write your name, centre number and candidate number in the spaces provided on the front cover.

Answer ALL questions.

Write your answers in the spaces provided in this question-and-answer booklet.

If you run out of space, use the continuation pages at the back of the booklet, taking care to number the question(s) correctly.

INFORMATION FOR CANDIDATES

Mark allocations are shown in brackets.

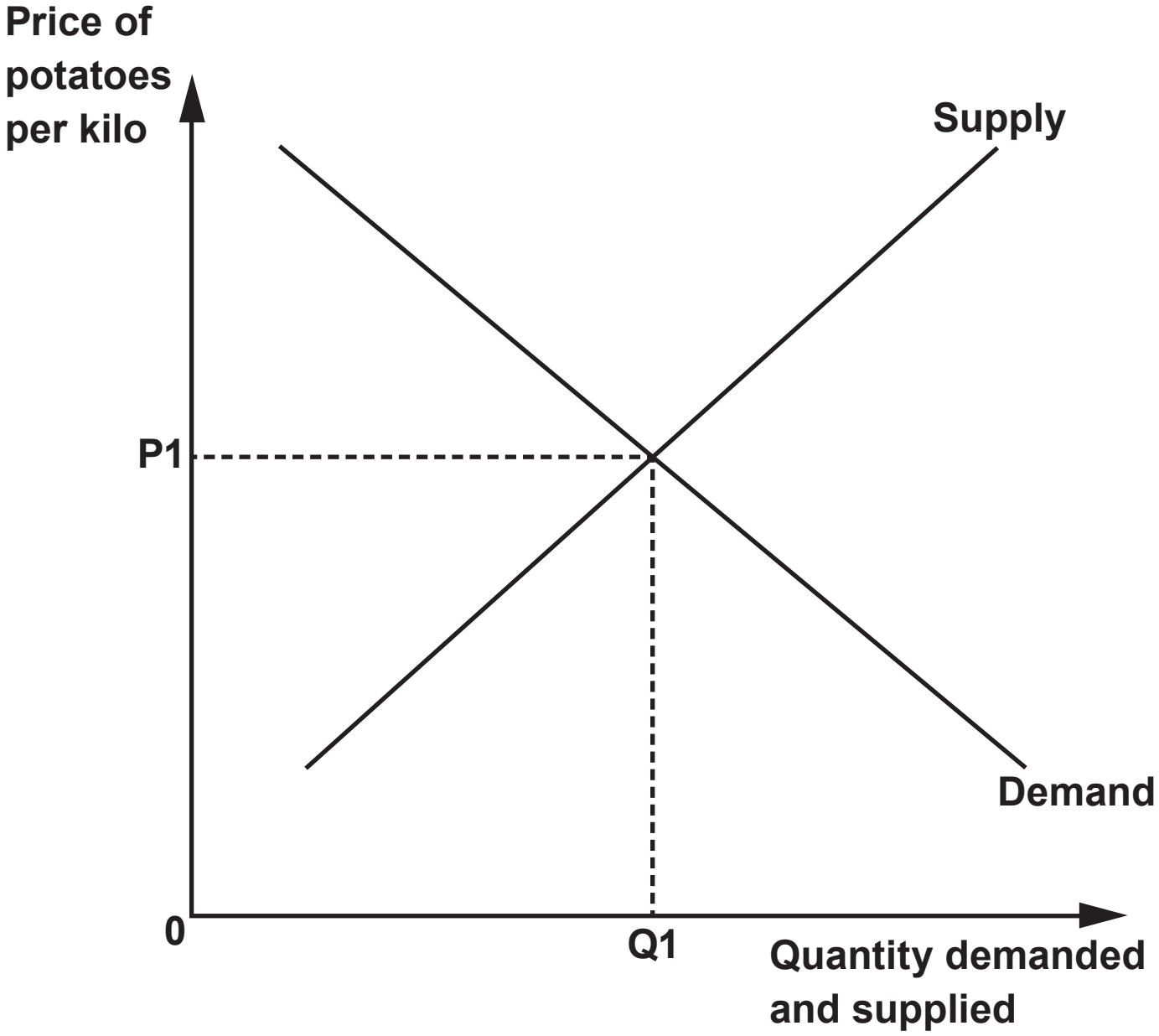
You are reminded that assessment will take into account the quality of written communication used in answers that involve extended writing (question 5).

Answer ALL the questions in the spaces provided.

1. Even though very successful businesses, such as Tesco and Boots, are the leaders in their markets in the UK, they still carry out a good deal of PRIMARY MARKET RESEARCH on a regular basis.

With the use of examples, explain what is meant by the term PRIMARY MARKET RESEARCH. [4]

4


Price of potatoes per kilo
Supply
P1
Demand
0
Q1
Quantity demanded and supplied

2. IT'S OFFICIAL – 2012 WAS THE SECOND WETTEST YEAR IN OVER A CENTURY OF UK WEATHER RECORDS.

So which businesses and industries lost out most in 2012, and were there any winners? Farmers suffered badly last year, as the constant rain severely stunted many crops. Wheat yields were at their lowest since the 1980s, with production down about 15%, while farmers grew about 4.5 million tonnes of potatoes, one million fewer than the average, according to Phil Bicknell, chief economist at the National Farmers' Union.

As for sales of gardening products, "gardening was a complete washout", says Patrick O'Brien, retail specialist at consultancy Verdict Research. But it was not all bad news – sales of slug pellets and weed killer did very well, as slugs and weeds both thrived in the wet weather.

B&Q had a bad spring and summer. Its sales fell 6% and shopper numbers were down 20%, as not only would-be gardeners, but also outdoor DIY enthusiasts and barbeque food lovers, were put off by the terrible weather. In contrast, Dixons – owner of Currys and PC World – said that its sales of tumble dryers in April had doubled, while demand for electric heaters had shot up 10-fold from a year before.

2(a) Adapt the diagram opposite page 5 and explain the likely effect on the price of potatoes in 2012 as a result of the flooding. [4]

2(b) Discuss the view that not all businesses will suffer as a result of the impact of exogenous shocks, such as the floods that hit the UK in 2012. [8]

3. VIRGIN MEDIA PREDICTS SURGE IN HOME-WORKING.

Virgin Media has found that the trend of working from home (home-working) is going to become more popular in the future, as new technologies are adopted to replace conventional working practices. A Virgin Media study found that 70 per cent of the students at Farnborough College of Technology – one of the UK's leading technology colleges – believe the traditional office will become a thing of the past as flexible working practices become more common in the UK.

Source: Cable.co.uk, 28 December 2012

Analyse the possible benefits and drawbacks of home-working to BOTH employers and employees in UK businesses. [6]

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4. 484 224 BUSINESSES STARTED IN 2012.

British entrepreneurs founded almost 10% more businesses in 2012 than they did in the previous year, according to figures revealed by StartUp Britain. Emma Jones, co-founder of StartUp, said "Small firms are the driving force of the British economy. Times are hard yes, but it never ceases to amaze us when we see resourceful Britons making business ideas come to life."

Source: Western Mail, 3 January 2013

One of the biggest problems facing start-up businesses today is gaining access to EXTERNAL SOURCES OF FINANCE in order to help them get a foothold in the marketplace. Sadly, within two years of starting, 50% of new small businesses close down.

4(a) Explain TWO reasons why an individual may wish to set up his or her own business. [4]

4(b) Suggest TWO possible sources of EXTERNAL FINANCE that would be suitable for a small start-up business. Give ONE advantage and ONE disadvantage of each. [6]

(i) Source of external finance

_____

Advantage _____

_____

_____

_____

_____

_____

Disadvantage _____

_____

_____

_____

_____

_____

4(b) (ii) Source of external finance

Advantage

Disadvantage

4(c) Explain why, despite all the difficulties that face them, small businesses continue to survive. [8]

5. GLASS TECH RECYCLING LTD SEEKS SECOND LOCATION IN NORTH WALES.

Glass Tech Recycling operates from a unit on an industrial estate close to the M4 near Neath, in South Wales.

The company's operations director, Karen John, said the business, which started trading in 2011 as a specialist glass recycling company, survived its first year with better than predicted results, allowing it to forge ahead with expansion plans for a second site in North Wales. It is now looking for a suitable location.

Adapted from: South Wales Evening Post, January 2013

Consider the factors that businesses, such as Glass Tech Recycling Ltd, need to take into account when deciding on where to locate. [10]

10

END OF PAPER

Question number	Additional page, if required. Write the question numbers in the left-hand margin.

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