

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Business Studies/Economics and Business

Advanced Subsidiary

Unit 1: Developing New Business Ideas

Wednesday 11 January 2012 – Afternoon

Time: 1 hour 15 minutes

Paper Reference

6BS01/01

6EB01/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions in Section A and Section B.
- Answer the questions in the spaces provided – *there may be more space than you need.*
- You may use a calculator.

Information

- The total mark for this paper is 70.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Quality of written communication will be taken into account in the marking of your response to Question 13 in Section B. This question is indicated with an asterisk* – *you should take particular care on this question with your spelling, punctuation and grammar, as well as the clarity of expression.*

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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PEARSON

SECTION A

Answer ALL the questions in this section.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may include diagrams and annotate them in your answers.

- 1** (a) Tony Bates is a self-employed painter and decorator based in Nottingham. Below is an extract from his Profit and Loss Account, period ending 31 December 2011.

What was Tony's operating profit margin?

(1)

	£s	£s
Sales	120 000	
Cost of sales	30 000	
Gross Profit		90 000
Expenses	50 000	

- A** 75%
- B** 33.3%
- C** 25%
- D** £40 000

Answer

- (b) Explain your answer (show your workings).

(3)

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(Total for Question 1 = 4 marks)



2 (a) If the price of Apple iPhones increases, the company would be willing to supply more because (1)

- A producing Apple iPhones had become more profitable
- B costs of producing iPhones had recently increased
- C VAT on mobile phones had increased
- D prices of competitors' mobile phones had fallen

Answer

(b) Explain your answer. (3)

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(Total for Question 2 = 4 marks)



3 (a) Small businesses, such as Cheeky Cheesecake Ltd of Cheltenham, might source their finance for the expansion of their premises through external methods.

Which **one** of the following might be the **most appropriate** external method of financing the expansion of Cheeky Cheesecake's business premises?

(1)

- A Trade credit
- B Venture capital
- C Sale of assets
- D An overdraft

Answer

(b) Explain your answer.

(3)

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(Total for Question 3 = 4 marks)



4 (a) During 2009, it was reported that a number of Maclaren baby buggies had a design fault, which made them dangerous to use.

Which **one** of the following would be an **immediate** consequence of the above?

(1)

- A An increase in price
- B An increase in supply
- C A fall in demand
- D A fall in profits

Answer

(b) Explain your answer.

(3)

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(Total for Question 4 = 4 marks)



5 (a) In a consumer survey conducted by Network Rail in 2010, analysts argued that results were not valid because sampling methods used were biased.

Which **one** of the following might lead to a biased set of survey results for Network Rail?

(1)

- A A range of respondents was chosen representing all rail passengers
- B Questions were asked at various times on different days of the week
- C First and standard class passengers were included in the sample
- D Only passengers with discount cards were used in the sample

Answer

(b) Explain your answer.

(3)

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(Total for Question 5 = 4 marks)



6 (a) High street retailer, Marks and Spencer, has become more market orientated in recent years.

Each of the following is a likely benefit of market orientation, **except**

(1)

- A sales revenue increases
- B advertising costs might fall
- C customer loyalty increases
- D producers can sell what they want

Answer

(b) Explain your answer.

(3)

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(Total for Question 6 = 4 marks)



7 (a) Between 2009 and 2011, the annual rate of CPI inflation was above the UK government's target range.

Which **one** of the following could be an effect of higher inflation rates for UK manufacturer's, such as JCB Ltd?

(1)

- A Fall in cost of supplies
- B Reduction in real wages for its staff
- C Increase in exports
- D Increase in recruitment

Answer

(b) Explain your answer.

(3)

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(Total for Question 7 = 4 marks)



8 (a) Neil's Nuts, a newly established market trader of dried fruit and nuts in Walthamstow, London, successfully entered the market in January 2011.

This was **most** likely because of a low

(1)

- A margin of safety
- B pricing strategy
- C sales volume
- D potential profit

Answer

(b) Explain your answer.

(3)

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(Total for Question 8 = 4 marks)

TOTAL FOR SECTION A = 32 MARKS



SECTION B

Answer ALL the questions in this section.

You are advised to spend 45 minutes on this section.

Evidence A

Free the Burger!

This is a very appropriate campaign slogan for Muddy Boots Foods Ltd, a business set up by husband and wife team Miranda and Roland Ballard.

Miranda and Roland met at Bristol University and later worked in film and television until December 2008, which they loved, but they really wanted to have a go at running their own company and taking on the challenge together. Roland's father, John, has farmed at Church Farm in Worcestershire for 40 years. John has an incredible herd of award-winning pedigree Aberdeen Angus beef.



With Roland's background and Miranda's creativity and passion for bringing top quality beef to products that too often 'don't get the good stuff' (most burgers and ready meals are made from poor quality ingredients), they developed the Muddy Boots beef burger. The couple state on their website:

'We promise that all the beef in our burgers is 100% pure-bred, 21-day matured, naturally-reared Aberdeen Angus Beef'

Whilst Roland negotiates the cost of supplies with his father John, Miranda provides the value-added by hand-making the burgers and combining the beef with tasty ingredients such as goats' cheese, sun-dried tomatoes and red onions. The burgers are low in salt and fat and are vacuum-packed. This enables the company to charge premium, yet value-for-money prices.

The couple built the business on £30 000 of start-up capital which they gained from personal savings and loans from friends and family. Over £5 000 alone was spent on second-hand kitchen equipment and a further £15 000 on other items including the distinctive vacuum packaging machine and other materials.

Between 2009 and 2010 the business grew faster than the couple could have imagined. This was due to the kind support and advice of people who were experts in the industry and to the feedback from the friends they made at the local farmers' markets, where Roland and Miranda first sold their products.



The company now offers a home delivery service through its website and has more recently secured a contract with the UK supermarket chain Waitrose. This was no doubt helped by the publicity gained by featuring on the BBC TV Series 'High Street Dreams' in April 2010. Miranda and Roland intend to supply all 228 Waitrose stores by 2011. The 2009 turnover of £70 000 for Muddy Boots is bound to increase in the future.

(Source: adapted from www.muddybootsfoods.co.uk)



Evidence B

The burger is a massive worldwide hit: billions and billions are sold every year. McDonalds sells 4.2 million every day in America alone. At Muddy Boots, we want to pull the beef burger out of the big white floury bap, remove the synthetic cheese slice, throw the sliced gherkins at a window (they stick, it's great fun) and look at the actual burger a little differently. We love the idea of 'freeing the burger' and serving it with some new potatoes and green salad or with some homemade tomato salsa rather than budget ketchup.



(Source: adapted from www.muddybootsfoods.co.uk)

9 Explain **two** ways Muddy Boots Foods Ltd could increase its operating profits.

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(Total for Question 9 = 6 marks)



10 Miranda’s leadership style has been described as ‘paternalistic’.

Analyse **one** reason to explain why Miranda’s ‘paternalistic’ leadership might be important to the long term success of Muddy Boots Foods Ltd.

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(Total for Question 10 = 4 marks)



11 Assess the likely importance to Miranda and Roland of making the highest level of profits from Muddy Boots Foods Ltd.

Dotted lines for writing the answer.

(Total for Question 11 = 8 marks)



P 3 9 4 7 9 A 0 1 3 1 6

12 Evaluate the likely value of primary research methods to Muddy Boots Foods Ltd.

A series of horizontal dotted lines provided for writing the answer to Question 12.

(Total for Question 12 = 8 marks)



***13** Assess the extent to which the continued success of Muddy Boots Foods Ltd might affect any **two** stakeholder groups.

A series of horizontal dotted lines provided for writing the answer.



Handwriting practice area with 25 horizontal dotted lines.

(Total for Question 13 = 12 marks)

TOTAL FOR SECTION B = 38 MARKS
TOTAL FOR PAPER = 70 MARKS

