

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**

Monday 17 May 2010 – 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 Sections A and 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 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 ►

N35501A

©2010 Edexcel Limited.
4/4/4/4/



edexcel 
advancing learning, changing lives

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 annotate and include diagrams in your answers.

- 1** (a) The late Anita Roddick, the founder of The Body Shop, showed the typical characteristics of a successful entrepreneur.

Which **one** of the following is a **least likely** characteristic of a successful entrepreneur?

(1)

- A** Risk averse
- B** Flexibility/adaptability
- C** Self-confidence
- D** Resilience

Answer

- (b) Explain why this answer is correct.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 1 = 4 marks)



2 (a) Lee McQueen, the winner of the BBC's The Apprentice (series 4), was described by one of the other contestants as a 'passionate and determined team-player who was good at delegating tasks but he clearly failed to monitor our progress'.

Which **one** of the following leadership styles **least** applies to Lee?

(1)

- A Autocratic
- B Theory Y
- C Democratic – consultative
- D Democratic – paternalistic

Answer

(b) Explain why this answer is correct.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 2 = 4 marks)



3 (a) In April 2006, The Daily Telegraph reported that 'Polish food shops and restaurants are continuing to open up and thrive on Britain's high streets'. This trend continued to 2009.

The establishment of Polish food shops and restaurants in Britain is evidence of (1)

- A market mapping.
- B niche marketing.
- C adding value.
- D market sampling.

Answer

(b) Explain why this answer is correct. (3)

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 3 = 4 marks)



4 (a) In April 2008, profits from the sales of Tom Tom's Satellite Navigation Systems fell from €57m to just €9m, compared to the same quarter of 2007.

During this period Tom Tom did manage to sell an impressive two million units, but their average price fell to €117, and sales revenue fell from €296m to €234m.

Which **one** of the following is correct?

(1)

- A The mark-up on Tom Tom's Satellite Navigation Systems decreased by €48m
- B Tom Tom's profits fell by 84%
- C Prices fell by €31
- D The mark-up on Tom Tom's Satellite Navigation Systems increased by 62%

Answer

(b) Explain why this answer is correct (show your workings).

(3)

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 4 = 4 marks)



5 (a) In January 2009, in order to support people who prepared a start-up business plan, LloydsTSB gave their customers Sage business planning software.

Which **one** of the following is **not** usually found in a start-up business plan?

(1)

- A A cash-flow forecast
- B A projected profit and loss account
- C A marketing plan
- D A bank statement

Answer

(b) Explain why this answer is correct.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 5 = 4 marks)



6 (a) When Sue Wragg opened up her hair salon in the Mailbox shopping mall in Birmingham, she considered a number of ways to add value.

Which **one** of the following is **least likely** to add value for Sue's clients?

(1)

- A Creating a website for supporting clients' on-line bookings
- B Furnishing the waiting area with leather sofas
- C Increasing prices
- D Providing magazines and refreshments for clients

Answer

(b) Explain why this answer is correct.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 6 = 4 marks)



7 (a) Before Sunny Delight mass produced its soft drinks, it underwent product trials in Carlisle, a town in the north of England.

Which **one** of the following might be regarded as the **most likely** reason for a business like Sunny Delight to undertake product trials?

(1)

- A An increase in interest rates
- B To segment the market
- C To assess the possible demand for a product
- D To reduce liability

Answer

(b) Explain why this answer is correct.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

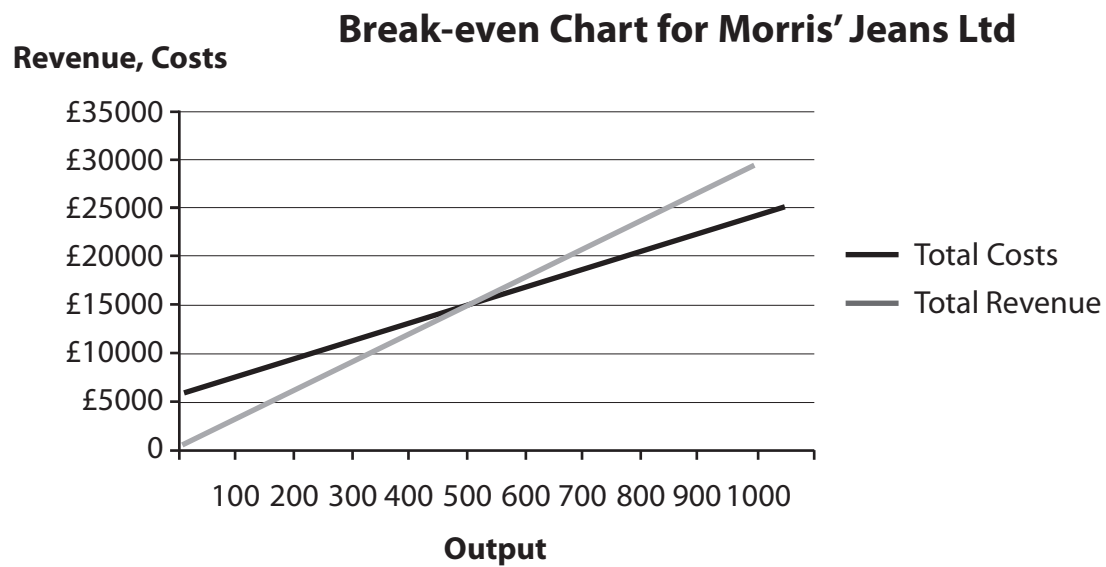
.....

(Total for Question 7 = 4 marks)



- 8 (a) Owners of new businesses always attempt to operate at a level of output that gives a positive margin of safety.

For the business below, what is the margin of safety when output is 900 units?



- (1)
- A 500
- B 450
- C 230
- D 400

Answer

- (b) Explain why this answer is correct. (3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 8 = 4 marks)

TOTAL FOR SECTION A: 32 MARKS



SECTION B

Answer ALL questions in this section.

You are advised to spend 45 minutes on this section.

Evidence A – Cebu Home

Maria Rogers has worked hard to establish her business, Cebu Home, 'to bring original, beautiful and unique furniture to homes in Islington, London'. Cebu Home is in Arlington Way with a number of luxury independent boutiques and, importantly, the Sadlers Wells Theatre. Visitors to the Theatre form a significant core of Maria's customers and help to explain the business' unusual opening times of 3pm to 7pm, Monday to Friday.



5

Cebu Home is named after a stunning island in the Philippines, renowned for its idyllic beaches and chilly mountains. Cebu is a place of impeccable craftsmanship and innovative design. The production of mahogany furniture is the focus of industry on the island, which exports worldwide. Maria imports this high quality designer furniture at affordable prices.

10

Cebu Home's furniture collection contains both classic and contemporary pieces made with local materials and fabrics from Philippine markets. The furniture and homewares are unlike those often found in the UK, due to both innovative design and the use of traditional materials such as walnut, mahogany and pearl.

15

Maria's business also has utmost respect for the environment, recycling where possible and only providing packaging by customer request. Furniture is hand-made with mahogany from sustainable forests in the Philippines. Cebu Home abides by the CITES (Convention on International Trade in Endangered Species) agreement which ensures that the survival of wild plants and animals is not threatened by trade.

20



Maria's business thrives because of her natural entrepreneurial characteristics and motivation to succeed. Family and social values are central to all design, manufacture and supply processes. Furthermore, Cebu Home ensures that its products are manufactured without child labour and that fair wages are paid to workers.

25

Evidence B – Exchange rate between £ sterling and Philippine Peso (PHP)

Feb 2008	£1 = 65 PHP
Feb 2009	£1 = 70 PHP



- 9** Evidence A states 'Maria's business thrives because of her natural entrepreneurial characteristics and motivation' (lines 23 to 24).

Using the case study, explain the difference between entrepreneurial characteristics and entrepreneurial motives.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 9 = 6 marks)



10 Explain why it was a good idea for Maria to locate her business in the Sadlers Wells area of Islington, London.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 10 = 4 marks)



11 In future, Maria could use retained profits to help expand her business.

Assess the suitability of this method of financing for Maria and Cebu Home.

Dotted lines for writing the answer.

(Total for Question 11 = 8 marks)



*13 Exchange rates and interest rates are economic external influences.

Assess their likely significance to Cebu Home.

A series of horizontal dotted lines for writing.



Area with horizontal dotted lines for writing.

(Total for Question 13 = 12 marks)

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

