

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**

Tuesday 12 January 2010 – Morning  
**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 **all** the questions in 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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**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 Aroma Italia Pizzeria is a well-known small business in Cheshire, owned by partners Marcus Johnson and Karen Gilmour. The business has a number of fixed and variable costs.

Which of the following is an example of a **fixed cost** for Marcus and Karen?

(1)

- A Rent
- B Wages of waiting staff
- C Utility bills
- D Stock purchases

Answer

- (b) Explain why this answer is correct.

(3)

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**(Total for Question 1 = 4 marks)**



2 (a) Adonis Dascalakis, the Head Chef at Aroma Italia Pizzeria, has calculated that he needs to prepare 60 meals a day at an average price of £12 per customer in order to break even. Fixed costs work out at approximately £120 per day.

Which of the following is the **average variable cost** per meal for Aroma Italia Pizzeria at the break-even level of output?

(1)

A £10

B £4

C £8

D £2

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 2 = 4 marks)**



**3** (a) Aroma Italia Pizzeria has several stakeholders.

To be a stakeholder in a small business like Aroma Italia Pizzeria, it is necessary to

(1)

- A** be at least a part-owner
- B** live or work in the geographical region of the business
- C** provide start-up capital to the business
- D** be affected by the business in some way

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 3 = 4 marks)**



4 (a) The retail price of Apple iPods fell, on average, by 50% between 2007 and 2009.

The **most likely** explanation for this was:

(1)

- A A rise in consumer incomes
- B The rate of tax on profits was increased
- C Price of substitutes fell
- D Productivity of workers manufacturing iPods fell

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 4 = 4 marks)**



5 (a) B&Q and Jewson serve different segments of the market for building and decorating products.

Which of the following is **not** a market segment for the above businesses?

(1)

- A Do It Yourself (DIY) enthusiasts
- B Self-employed electricians
- C Homebase stores
- D Private sector landlords

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 5 = 4 marks)**



6 (a) Orange Mobile used to enjoy a competitive advantage over its main rivals Vodafone and O2 by supplying free home broadband to its mobile phone customers.

Which of the following is **least likely** to be a factor which directly affects the supply of a product or service?

(1)

- A Lower interest rates
- B Fashion, tastes and preferences
- C Employee wage costs
- D An innovative design team

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 6 = 4 marks)**



7 (a) The Office of National Statistics (ONS) is a valuable secondary source of information for new businesses.

Which of the following is also an example of a source of secondary research for a new business?

(1)

- A Customer surveys
- B Market intelligence reports, e.g. MINTEL
- C Visits to anticipated suppliers of stock
- D Interviews with a manager at an employment agency

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 7 = 4 marks)**





8 (a) Yasmina Siadatan, winner of the BBC's The Apprentice in 2009, gave up her job as a successful restaurant manager to pursue a £100,000 a year job working for Sir Alan Sugar's company Amscreen Health Care, which sells digital signage to the NHS. Yasmina's decision might **best** be described as a **trade-off** because

(1)

- A she used to import and export
- B she now sells rather than manages
- C she was forced to choose between two jobs
- D she does not buy products any more

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 8 = 4 marks)**

**TOTAL FOR SECTION A: 32 MARKS**



## SECTION B

You are advised to spend 45 minutes on this section.

### Evidence A

#### Morris Brown Community Learning Centre (CLC), Birmingham

#### Leisure Library: Extracts from a Business Plan

##### Introduction

Based upon primary research with over 100 young people from a number of local community organisations and information provided by the Birmingham School Sports Partnership, it is evident that having access to sports equipment, particularly specialist equipment for individuals with various disabilities, would be a real benefit to the local area (see Evidence B).



A Leisure Library of equipment would strengthen the Morris Brown CLC's effectiveness, since it should bring in groups which might otherwise be sidelined by a lack of suitable equipment and facilities.

##### Aims

To provide other schools, community organisations and individuals with sports and leisure equipment so they can provide a broad based activity portfolio for all levels of ability.

##### Marketing

Details of the service, together with a full listing of equipment, will be publicised in a Leisure Library circular. Details of the service will also be put on A Sporting Chance's web site.

##### Funding

Initial funding will be used to purchase equipment and pay for start-up costs (e.g. staff wages, transport and marketing) and will be provided through the Morris Brown CLC Budget, supported by a grant from the Women's Business Development Agency. However, as soon as the lending service is established it should be self-funding.

##### Management and staffing

The operation will initially be run by existing personnel at the school who understand the educational needs of the schools and community organisations in the local area.

##### Logistics/Operation

The Leisure Library would be based at the Morris Brown CLC where secure storage facilities are available. To qualify for the loan of equipment interested parties would be required to sign up as annual members of the Leisure Library. This would involve a nominal charge to cover routine maintenance of equipment and other costs. A robust procedure will be put in place to control the lending and recovery of equipment. Consideration will be given to providing a delivery service should it be required.

##### Contingency Plan

If the demand is below that anticipated, the facility will be offered to schools and organisations in neighbouring towns.

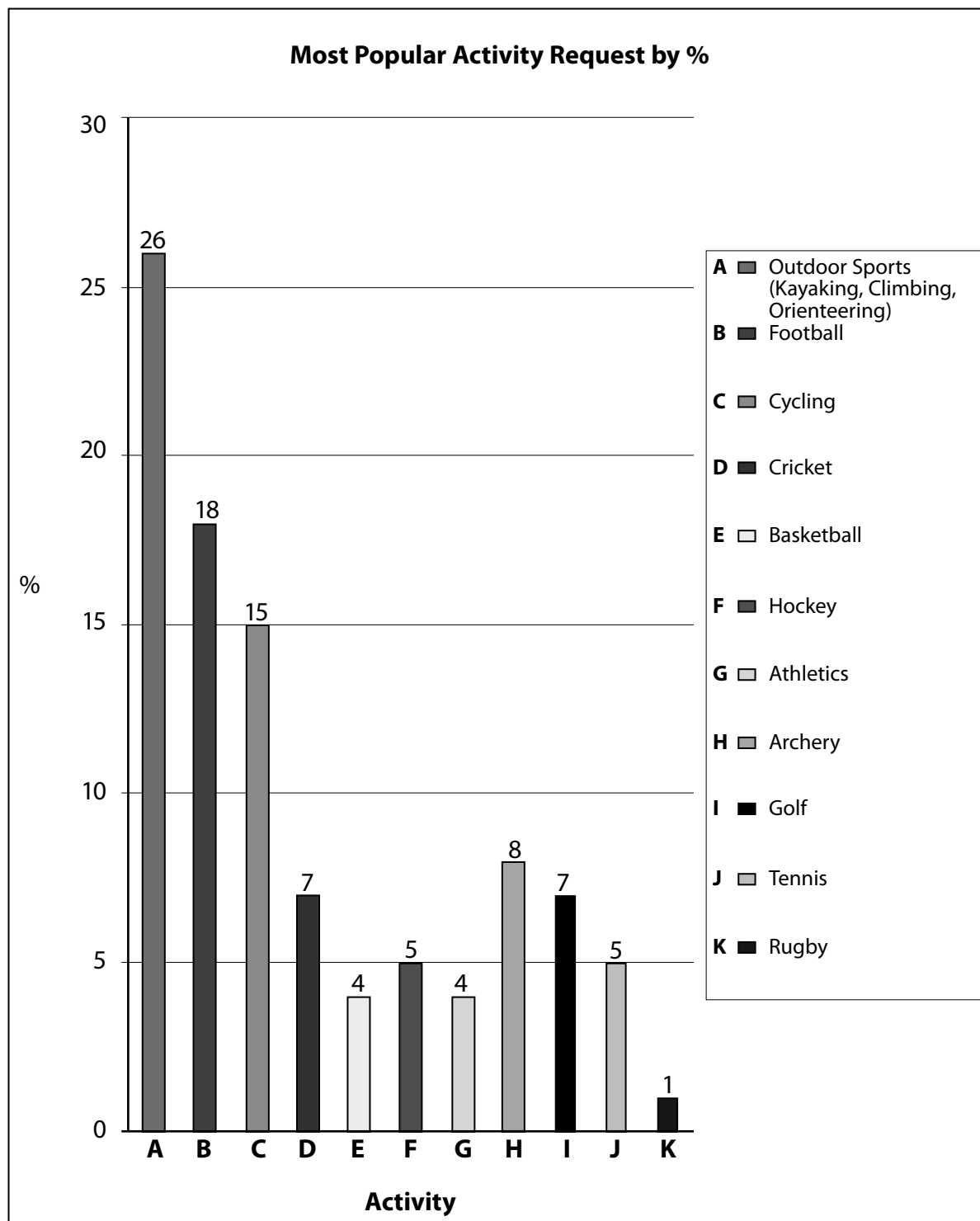
Prepared by Mike Watson, Community Manager at Morris Brown Community Learning Centre, Birmingham January 2008



**Evidence B**

This shows the results of a survey conducted in Birmingham Schools, with over 100 responses from pupils aged 11–18. The chart indicates what facilities pupils felt were lacking in their local area.

Source: Birmingham Schools Partnership, December 2007



9 Mike Watson, the Community Manager at Morris Brown CLC, prepared the business plan.

Briefly give **two** reasons to explain why Mike might have prepared a business plan.

(6)

Reason 1 .....

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Reason 2 .....

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**(Total for Question 9 = 6 marks)**



**10** Examine why the primary research findings provided in Evidence B might be considered as insufficient as a basis for the Morris Brown CLC developing a leisure library.

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**(Total for Question 10 = 4 marks)**













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