

Candidate Name	Centre Number	Candidate Number

WELSH JOINT EDUCATION COMMITTEE  
 General Certificate of Education  
 Advanced Subsidiary/Advanced



CYD-BWYLLGOR ADDYSG CYMRU  
 Tystysgrif Addysg Gyffredinol  
 Uwch Gyfrannol/Uwch

321/01

**BUSINESS STUDIES**

**BS1**

A.M. WEDNESDAY, 10 January 2007

(1 hour)

For Examiner's Use Only		
Question	Maximum Mark	Examiner's Mark
1	22	
2	12	
3	8	
4	8	
QWC	3	
Total	53	

**INSTRUCTIONS TO CANDIDATES**

Answer **all** the questions in the spaces provided.

Write your name, centre number and candidate number in the spaces at the top of this page.

**INFORMATION FOR CANDIDATES**

Mark allocations are shown in brackets.

Candidates will be assessed on their quality of written communication i.e. the structure and presentation of ideas; the clarity of expression; grammar, punctuation and spelling. Up to three marks will be awarded for written communication.

No certificate will be awarded to a candidate detected in any unfair practice during the examination.

Answer **all** the questions in the spaces provided.

**1. Kids Casuals**

Kids Casuals sells casual clothing for children including T-shirts, sweatshirts and accessories.

When Nicola Dickenson first started the business as a sole trader four years ago, she had four children and therefore very little time to spare. Nicola was, however, extremely dedicated to her new venture and spent many hours burning the midnight oil in order to build the business from scratch. Sales were mostly made by attending agricultural and seasonal shows, meaning that she had to juggle family life around the show dates.

With time being so precious, Nicola recognized the need to embrace e-commerce to improve business efficiency. She also recognized that trading on-line would be ideally suited to her lifestyle and could also help to generate sales at a time when there were no shows to attend.

With help from Opportunity Wales (a service set up by the Welsh Assembly Government (WAG) to help small businesses) Nicola developed an e-commerce strategy as part of her **business plan** and now has a successful website that can take orders on-line. In addition to this, Nicola has expanded into the design and production of clothes and accessories.

*Adapted from Forward Wales, Western Mail, February 2006.*

- (a) Explain the problems that Nicola Dickenson may encounter when operating her business as a sole trader. [8]

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(b) Analyse the impact that a rise in the basic rate of income tax might have on Kids Casuals **and** its customers. [6]

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- (c) Discuss the view that a well-constructed *business plan*, such as that devised by Nicola Dickenson, will guarantee success. [8]

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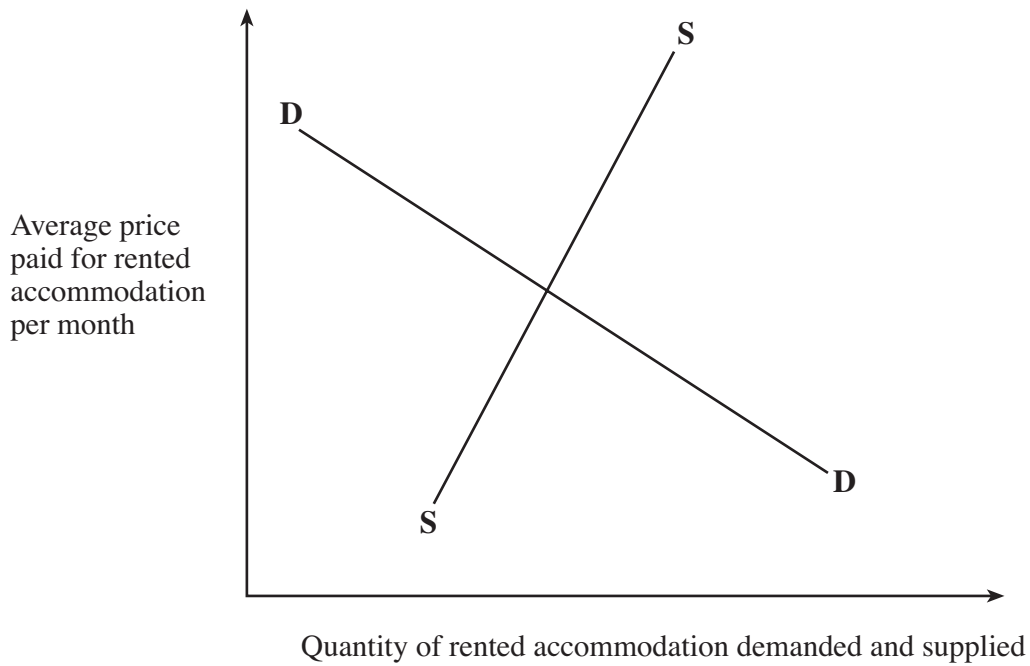
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**Total mark** \_\_\_\_\_

2. Owning your own home is becoming increasingly difficult for young people, with the average deposit for a mortgage in the UK rising to over £17 000 in 2006. The government is encouraging the construction industry to build more affordable homes for first-time buyers, but the shortage seems set to last for some time yet.

(a) Explain, with the use of the demand and supply diagram below, what is likely to happen to the price of rented accommodation if the shortage of affordable housing persists and the number of young people seeking accommodation carries on increasing. [4]

The market for rented accommodation



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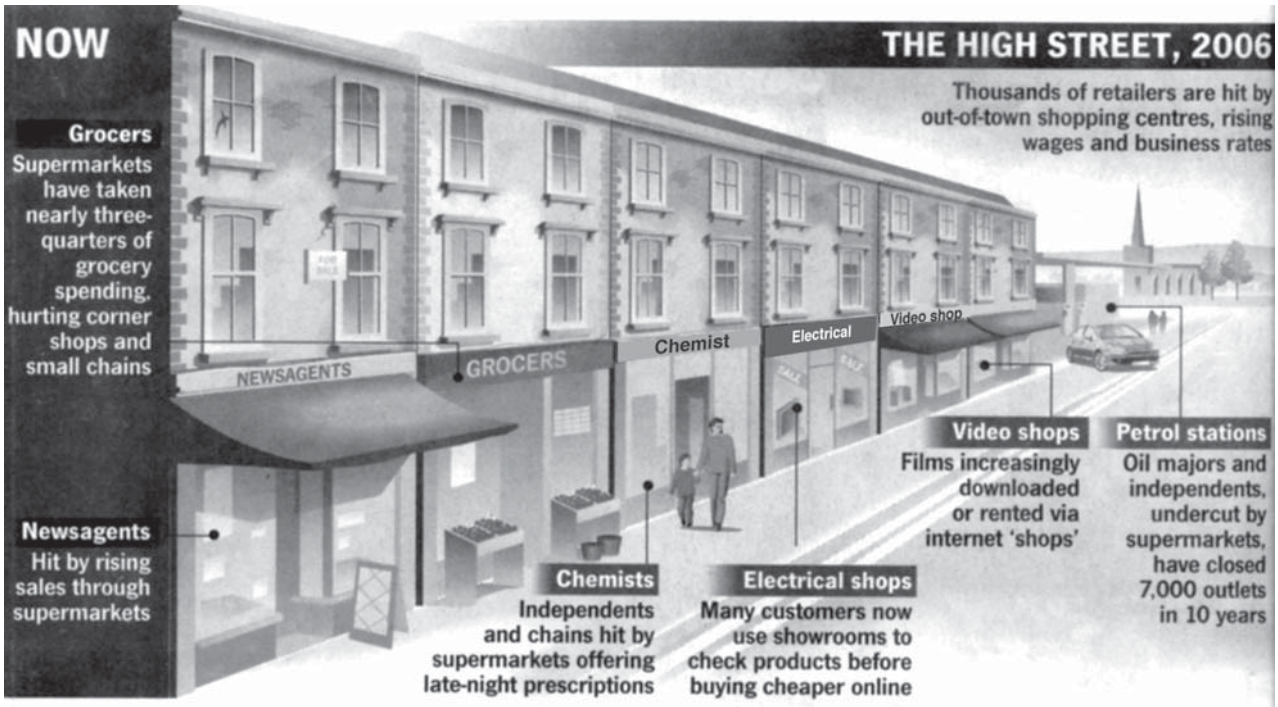
(b) Explain the factors, other than price, which may determine the supply **and** demand for houses. [8]

A series of horizontal dotted lines providing space for the student's answer.

**Total mark** \_\_\_\_\_



4.



**SUPERMARKETS PLAN HIGH STREET INVASION**

Tesco, Sainsbury's, Asda and Morrisons between them already control 74% of grocery sales and yet they are planning a new wave of expansion from their out-of-town bases into the high street, in defiance of MP's warnings that their growth is destroying the fabric of local communities. Tesco alone is to double its small, town-centre groceries to 1200 over the next ten years, a move it is feared will lead to the closure of hundreds of independent stores. MPs in their report *High Street Britain* have been highly critical of the supermarkets' policies, saying that if supermarkets are not checked, they will damage UK towns socially, economically and environmentally. In addition to this policy, out-of-town supermarkets will continue to multiply, although planning permission is harder to come by as local authorities attempt to protect the countryside.

*Source: The Sunday Times, 19 February 2006*

“The expansion of the supermarkets in the United Kingdom has both desirable and undesirable effects.” Discuss. [8]

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