

Surname	Centre Number	Candidate Number
Other Names		2



GCE AS/A level

1081/01

BUSINESS STUDIES

BS1

P.M. MONDAY, 14 May 2012

1¼ hours

**Suitable for Modified
Language Candidates**

For Examiner's use only		
Question	Maximum Mark	Examiner's Mark
1	10	
2	22	
3	8	
4	10	
Total	50	

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen.

Answer **all** 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.

You are reminded that assessment will take into account the quality of written communication used in answers that involve extended writing (question 4).

Answer all the questions in the spaces provided.

1. Jessica’s Hats is a small business which makes hats for special occasions, e.g. for weddings. In order to keep the business growing, Jessica the owner, needs to obtain some equipment so that she can dye handbags and shoes to match the hats. The equipment will cost approximately £5 000.

(a) Which method of production would be most suitable for making the hats? Give reasons for your choice. [4]

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(b) Suggest **two** sources of finance that may be suitable for Jessica to pay for the equipment she needs. Justify your choices. [6]

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Total mark _____
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2. Inspiration for the Organic Food Company Ltd grew from a coffee shop and delicatessen in a mid-Wales town. It had an unrivalled reputation for unique recipes, e.g. soups, sauces, salads and sandwich fillings, combined with excellent customer service. Soon the owner, Sandra, realised that there was a **niche market** there for the taking. So the Organic Food Company Ltd was born.

The success of the business led Sandra to consider expanding. She would like to develop a range of organic pasta dishes, but before doing so, she would need to carry out some market research.

(a) Explain **two** problems for Sandra of operating in a niche market. [4]

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(b) (i) Distinguish between primary and secondary market research. Suggest **one** type of **each** which would be suitable for Sandra's business. [4]

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(ii) Outline the benefits and drawbacks to Sandra of carrying out market research. [6]

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3.

ALMOST TWO HUNDRED JOBS LOST IN AMDEGA COLLAPSE



Up to 197 jobs are expected to be lost after the world’s oldest conservatory manufacturer went into administration.

Shocked staff were called in yesterday morning, at Amdega’s Darlington factory, to be told that 188 of them were being made redundant out of a workforce of 197. Many more people are also used by the firm, mostly as sub-contractors installing the conservatories.

It is understood an eleventh-hour attempt to save the firm failed. Administrators KPMG said the company had closed and that there was no prospect of selling the business. Staff owed unpaid wages will only receive the statutory minimum guaranteed by the law. About 300 orders for conservatories are unlikely to be fulfilled.

KPMG said Amdega was the victim of a severe downturn in the home retail sector.

Adapted from the Northern Echo, 28 April 2011

Examine the impact of the closure of Amdega on its stakeholders.

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Total Mark /8

- 4. You don't know Murray Martin but he knows you. Or, at least, he knows where you live. He's got a pretty good idea what you like spending your money on, how long it will take to drive to your nearest shopping centre and what it will take to get you to go there. As chief executive of Pitney Bowes, Mr. Martin has helped many businesses locate their businesses more precisely.

The company, based in the USA, recently landed a contract with Dixons to help the British electrical chain to identify exactly which type of store from its portfolio needs to be in which location. This identification is based on an analysis of consumer habits as well as the amount of time it is likely to take customers to travel to their nearest store by road. It has also worked with Marks & Spencer on store location.

The location of any business can play a critical role in determining whether or not it is successful. It is one of the earliest decisions any business has to make. The ideal location is one which maximises revenue and minimises costs. Many factors influence location decisions but their significance varies from industry to industry.

“The choice of location is more important for some businesses than others.” Discuss. [10]

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