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| Surname | Centre Number | Candidate Number |
| Other Names | | 2 |



GCE AS/A level

1081/01

BUSINESS STUDIES – BS1

P.M. WEDNESDAY, 8 January 2014

1 hour 15 minutes

| For Examiner's use only | | |
|-------------------------|--------------|--------------|
| Question | Maximum Mark | Mark Awarded |
| 1(a). | 2 | |
| 1(b). | 4 | |
| 1(c). | 4 | |
| 2(a). | 6 | |
| 2(b). | 8 | |
| 2(c). | 8 | |
| 3(a). | 4 | |
| 3(b). | 4 | |
| 3(c). | 10 | |
| Total | 50 | |

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen.

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

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

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 **3(c)**).

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

1. A first-class stamp rose in price from 46p to 60p in April 2012. The 30% price rise in first-class stamps marked the biggest annual increase in percentage terms since 1975. Many consumer groups, especially those representing pensioners, have expressed their alarm at such large price increases.

Source: BBC News online March 2012

Royal Mail is an organisation in the **public sector**. However, the Postal Services Act 2011 enables the government to privatise Royal Mail with the first sale of shares in October 2013. The **monopoly**, held by Royal Mail in relation to the delivery of letters in the UK, may soon be a thing of the past. Eventually Royal Mail may become a **private sector** organisation.

- (a) Identify **two** aims of a *private sector* organisation. [2]

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- (b) Explain how the aims of a *public sector* organisation, such as Royal Mail, may differ from those of a *private sector* organisation. [4]

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(c) How might consumers be affected by the proposed removal of Royal Mail's *monopoly*? [4]

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2. DRAGONS GET IT WRONG WITH TANGLE TEEZER ENTREPRENEUR

The determined inventor of the Tangle Teezer, Shaun Pulfrey, didn't let rejection in the BBC's Dragons' Den in 2007 stop him. His product, which took him four years to perfect, is a flexible brush-comb that very effectively untangles long hair and is widely used by both hairdressers and the public. It is so good at what it does that sales turnover reached £11 million in 2012.



Undeterred by the Dragons' reluctance to offer him any of the £85 000 he was seeking, he remortgaged his flat and invested his own money in the business. Shaun took on **marketing** and sales staff with experience in professional hair-care to launch the brush at the Salon International hairdressing exhibition.

A deal with the UK's leading chemist chain (Boots) has dramatically increased Tangle Teezer's profile and online sales launched the product worldwide. There are now numerous different versions for sale on the business's very professional website – at very affordable prices.

Tangle Teezers, which are all manufactured in the UK, are now one of the best selling hair brushes in many countries. As the business has grown, Shaun has been able to take advantage of **internal economies of scale**, making the business even more competitive.

(a) Explain how Shaun Pulfrey is a typical example of an entrepreneur.

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(b) (i) Define the term *internal economies of scale*. [2]

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(ii) Explain how Shaun Pulfrey's business may have benefited from *internal economies of scale*. [6]

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- (c) (i) What is meant by the term *marketing*?

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- (ii) The main reason for Shaun Pulfrey’s success with Tangle Teezer has been his ability to identify and anticipate customers’ needs and wants. Discuss. [6]

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Turn over for question 3

- 3. Uniform2Go, established by 26-year-old Emma Staple in April 2009, manufactures, wholesales and embroiders school uniforms. Since opening for trade in April 2009, it has seen steady growth and now supplies over 250 schools from the factory unit in Bridgend. In addition, the business is selling an increasing number of uniforms online.



“It was a really hard time to start a business. The banks weren’t lending and I struggled to secure funding to get the business off the ground.” Through Venture Wales, the leading business support organisation in Wales, Emma was able to tap into a team of advisers who helped her draft a business plan, organise her finances and prepare the information that banks would require to consider a loan. She explained:

“I was prepared at the interview and had a well crafted **business plan** which meant the bank listened and agreed to lend me the money which was a great feeling. This meant that I could borrow £30 000 to buy the latest eight-headed embroidery machine. Without it I just couldn’t get started.”

Source: Workingword PR

- (a) Explain **one** advantage and **one** disadvantage to Emma of borrowing £30 000 from the bank. [4]

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(b) Explain how the use of technology may have helped Emma in making her business more successful. [4]

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