

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 20 May 2013 – 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 Section A and 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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P 4 2 2 9 3 R A 0 1 2 0

PEARSON

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 include diagrams and annotate them in your answers.

- 1** (a) Lannon's Limos Ltd, a car hire company based in Peterborough, generated the following financial accounts in December 2012.

	£s
Total revenue	1 250 000
Cost of sales	600 000
Fixed costs	350 000
Contribution	650 000

Calculate the operating profit for Lannon's Limos Ltd.

(1)

- A** £900 000
- B** £600 000
- C** £350 000
- D** £300 000

Answer

- (b) Explain your answer (show your workings).

(3)

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(Total for Question 1 = 4 marks)



2 (a) Before setting up in business as a personal trainer in 2010, Marvin Burton undertook qualitative and quantitative market research.

Which **one** of the following questions is **most likely** to lead to qualitative results?

(1)

- A How often do you visit a gym?
- B What price are you currently paying for gym membership?
- C What motivated you to join a gym?
- D How long have you been a member of a gym?

Answer

(b) Explain your answer.

(3)

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(Total for Question 2 = 4 marks)



3 (a) In the summer of 2011, Thorntons chocolate company may have required external finance to develop its online retail sales.

Which **one** of the following is an example of external finance?

(1)

- A** Selling assets
- B** Debentures
- C** Retained profits
- D** Sales revenue

Answer

(b) Explain your answer.

(3)

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(Total for Question 3 = 4 marks)



4 (a) In 2000, Johngir Saddiq established Big Johns. This chain of 15 fast food outlets in the Midlands uses market segmentation.

Market segmentation can help enterprises like Big Johns to

(1)

- A** identify the contribution from a range of products
- B** reach a desired margin of safety
- C** identify a potential market niche
- D** distinguish between gross profit and operating profit

Answer

(b) Explain your answer.

(3)

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(Total for Question 4 = 4 marks)



5 (a) Founded in London in 1982, Rubicon manufactures Exotic Tropical Drinks. It was set up by two ex-employees of an international soft drinks company, after they undertook product trials.

Each of the following is a way to turn a product trial into a repeat purchase, **except** (1)

- A market mapping
- B high operating profit margins
- C product differentiation
- D word-of-mouth advertising

Answer

(b) Explain your answer. (3)

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(Total for Question 5 = 4 marks)



6 (a) In the BBC series 'Theo's Adventure Capitalists', Theo Paphitis argued that the most important entrepreneurial characteristic behind success is calculated risk-taking.

Each of the following is involved in calculated risk-taking, **except**

(1)

- A there can be unanticipated competition
- B all entrepreneurs use their own money
- C setting up in business requires judgement
- D the economic climate may change

Answer

(b) Explain your answer.

(3)

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(Total for Question 6 = 4 marks)



7 (a) In winter 2009, the Metro newspaper reported, 'the demand for luxury goods from the upmarket British fashion brand Mulberry was soaring, despite the poor UK economic climate'.

The **most likely** explanation for this was

(1)

- A because of the weaker pound
- B an increase in unemployment
- C high levels of inflation
- D high interest rates

Answer

(b) Explain your answer.

(3)

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(Total for Question 7 = 4 marks)



8 (a) Rebecca Webb is a director of Bubble Ltd, a marketing business based in Barnsley. Bubble Ltd has recently experienced a growth in sales volume.

Which **one** of the following is **least likely** to determine sales volume?

(1)

- A The number of clients
- B Consumer loyalty
- C Profits
- D Production rates

Answer

(b) Explain your answer (show your workings).

(3)

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(Total for Question 8 = 4 marks)

TOTAL FOR SECTION A = 32 MARKS



SECTION B

Answer ALL the questions in this section.

You are advised to spend 45 minutes on this section.

Evidence A

Jammy Geezer

SuperJam is a range of 100% pure fruit jams sweetened with grape juice and made using 'super fruits', such as blueberries and cranberries.

SuperJam was created by Scottish teenager Fraser Doherty, after being taught to make jam using his grandmother's secret recipes. From humble beginnings, the company now supplies major UK supermarkets. It has won a variety of awards and is even included in a museum as an example of an 'Iconic Scottish Food Brand'.

Fraser spent his childhood visiting elderly people with his grandmother as she carried out charitable work delivering homemade jam and scones for free. Now the teenage entrepreneur has decided to keep up the tradition by launching his own series of free tea parties for elderly people.

Fraser, who is now 22, started making jam when he was just 14 to help raise some extra pocket money by selling it door-to-door. He invested the sum of two pounds in his idea when he made the first few jars of jams and marmalades.

"Before these jars had even properly cooled down, I started knocking on doors; offering a free jar of jam or marmalade to the neighbours. I said that I would come back in a week or so and if they had enjoyed that jar they would be welcome to buy another for £1.80. When I returned, everyone bought a few more jars and encouraged me to start selling jam regularly." Fraser was soon selling a hundred jars of jam a month and only making about twenty pounds profit from all of his hard work, but he knew the business could get bigger.

Fraser started selling his jam at farmers' markets all over Scotland and to a few local shops. His business studies teacher at school decided to nominate him for a competition that she had read about in the paper. "Thousands of people entered and I didn't think for a moment that I would win it – but to my surprise, I did!"

The young jam-maker, whose SuperJam brand sells in Morrisons, Tesco, Waitrose and Asda, wants to give elderly people somewhere to meet up with one another and make new friends. After recruiting a host of student volunteers to help with his SuperJam Tea Parties, he also hopes new friendships will be formed between young and elderly people.

Today, Fraser's business is booming. He is currently (December 2011) developing his range of products to include jams and chutneys made from exotic fruits like mango, passion fruit and papaya; supplies that Fraser imports from the tropical forests of Sri Lanka.



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(Sources: adapted from interview with Fraser Doherty - 4 March 2011
<http://www.plymouthyouthenterprise.co.uk/fraser%20doherty's%20story.htm>
<http://www.superjam.co.uk/about.html>
<http://edinburghnews.scotsman.com/edinburgh/Jam-entrepreneur-launches-tea-parties.4195759.jp>)



9 Explain **two** factors that could affect the supply of SuperJam’s products.

Dotted lines for writing.

(Total for Question 9 = 6 marks)



10 Analyse **one** reason why it might be important for Fraser to differentiate his business.

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(Total for Question 10 = 4 marks)



12 Assess the likely value to Fraser of SuperJam being a limited company.

A series of 25 horizontal dotted lines for writing the answer to Question 12.

(Total for Question 12 = 8 marks)



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***13** Evaluate the extent to which each of the following might affect the continued success of SuperJam:

(a) a rise in the level of unemployment in Scotland

(6)

Dotted lines for writing the answer.



(b) an appreciation in the value of £ sterling.

(6)

Area with horizontal dotted lines for writing the answer.

(Total for Question 13 = 12 marks)

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



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