Surname	Centre Number	Candidate Number
Other Names		2

GCE AS

B510U10-1

S19-B510U10-1

BUSINESS – AS component 1
Business Opportunities

FRIDAY, 17 MAY 2019 – AFTERNOON

1 hour

For Examiner's use only		
Question	**Maximum Mark**	**Mark Awarded**
1.	**12**	
2.	**16**	
3.	**16**	
4.	**6**	
Total	**50**	

B510U101 01

ADDITIONAL MATERIALS

A calculator.

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.

Write your answers in the spaces provided in this booklet.

If you run out of space, use the continuation page at the back of the booklet, taking care to number the question(s) correctly.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the necessity for good English and orderly presentation in your answers.

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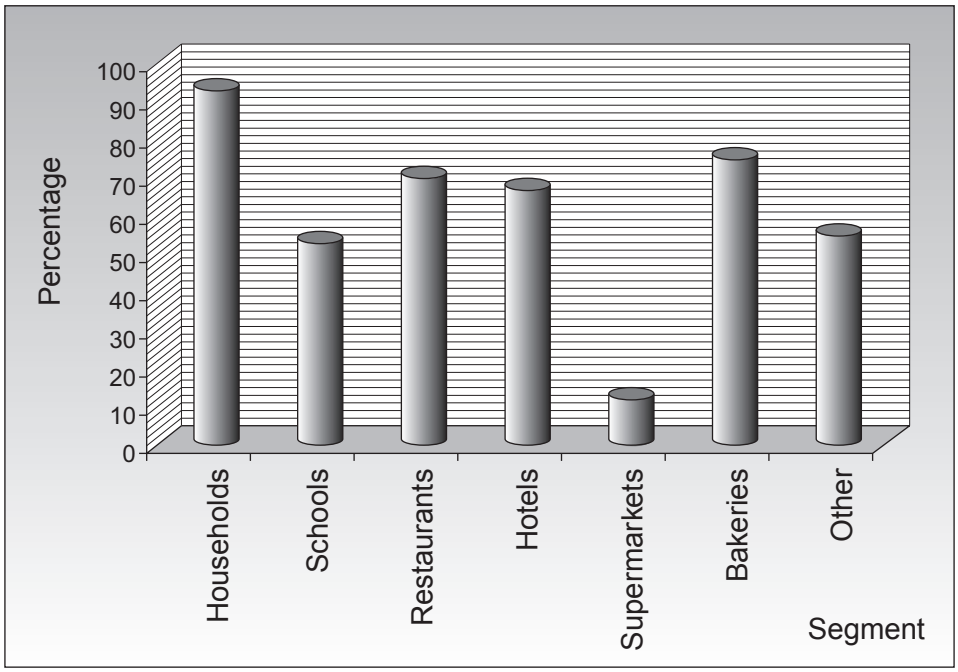
Answer **all** *the questions in the spaces provided.*

1. Simon has been unsuccessful at searching for someone to clean his oven at home and he is considering using his savings to start a small business cleaning ovens in his local area.

Simon carried out market research that has created both **quantitative and qualitative** market research data. The graph below shows an extract from this data.

Percentage of customer segments interested in oven cleaning



(a) What is meant by *qualitative* market research data? [2]

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(b) Outline how Simon can use the data in the graph to help start his business. [4]

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(c) With reference to Simon's business idea, explain how business opportunities occur. [6]

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B510U101 03

12

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2. Evelyn, a qualified hairstylist, has run a successful mobile hairdresser business for five years. A mobile hairdresser travels to customers and cuts their hair in their own homes. Evelyn is a sole trader.

Evelyn wishes to expand her business by finding premises for a new hair and beauty salon in a suitable location. Evelyn is thinking of introducing new services, including tanning, nail art and waxing. Evelyn is also considering changing the legal structure of her business from a **sole trader** to a **private limited company**.

(a) Consider the most important factors that Evelyn needs to take into account when deciding the location of her new hair and beauty salon. [8]

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(b) Evaluate the view that businesses should operate as a *private limited company* rather than a *sole trader.* [8]

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16

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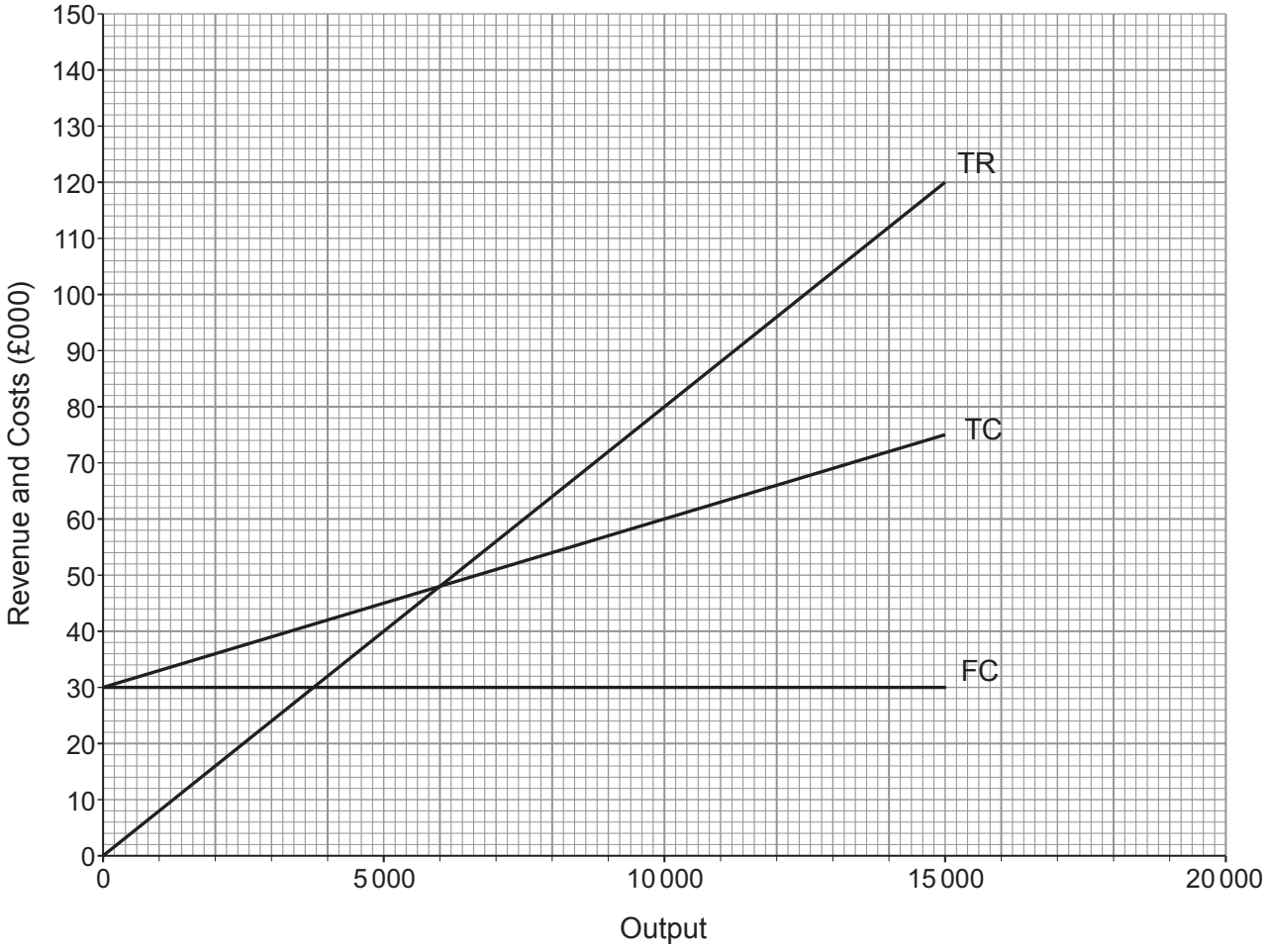
3. Josephine Jeffries, founder of JJ Toffee Fudge Ltd., is a successful entrepreneur who sells her toffee fudge to a wide range of customers. During the next financial year Josephine plans to sell a total of 15 000 boxes. Below is a break-even chart for JJ Toffee Fudge Ltd.



(a) (i) What is the break-even point? [1]

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(ii) What is the current value of fixed costs? [1]

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(iii) What is the unit price per 1 box of toffee fudge? [1]

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Josephine planned to sell 15 000 boxes of toffee fudge. However, her business advisor believes that actual sales are likely to be 20% lower, this will affect her margin of safety.

(b) (i) What is meant by the margin of safety? [1]

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(ii) Calculate the margin of safety based on the advice of her business advisor. [2]

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The variable cost per unit is currently £3. Josephine wants to find what happens if costs increase.

(c) (i) Using the chart on **page 6**, plot and label the new total costs line if variable costs rise to £4 per unit. [2]

(ii) Using the new total costs line, state what Josephine's profit will be if 15 000 units are sold. [1]

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(iii) What is the effect of the change in total costs on the break-even point? [1]

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(d) Evaluate the usefulness of break-even analysis to businesses. [6]

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16

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4. Businesses of all sizes are affected by a fall and rise in the income of their customers, whether they sell **inferior, normal or luxury goods**.

With reference to the concept of income elasticity of demand, explain the nature of *inferior*, *normal* and *luxury goods*. [6]

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6

END OF PAPER

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