

Candidate Name	Centre Number				Candidate Number			



A LEVEL BUSINESS

COMPONENT 1

Business Opportunities and Functions

SPECIMEN PAPER

2 hours 15 minutes



ADDITIONAL MATERIALS

In addition to this examination paper, you will need a calculator.

INSTRUCTIONS TO CANDIDATES

Answer all the questions in the spaces provided.

Use black ink or black ball-point pen.

Do not use pencil or gel pen.

Do not use correction fluid.

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

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 need for good English and orderly, clear presentation in your answers.

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

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

SECTION A

1. Outline three different ways in which a business that publishes magazines might segment its market. [6]

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2. What is meant by the term added value? Illustrate how the production process can add value, using the example of a furniture business that makes wooden tables. [3]

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3. Emily Miller has started her own business making picture frames. Her fixed costs are £12 000 a year and her variable costs are £4 per frame. Last year she sold 2 500 frames at £10 each.

(a) State the difference between fixed and variable costs. [2]

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(b) Calculate the contribution per frame. [2]

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(c) Calculate Emily's break-even output. [2]

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(d) Calculate her profit for last year. [2]

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SECTION B

5. Homework, tea, then my business calls

James Gilmore is a 16 year old schoolboy who has his own radio station, Wizard Radio. This is an internet station launched from his bedroom in his parent’s house in 2010. It began as a one-off broadcast with a friend. Today James has 50 voluntary staff working for him, five Wizard offshoots, including an events agency and a record label, and listeners in the US, Britain and Hungary.

James is one of a growing number of entrepreneur pupils now balancing their studies with commercial enterprises. “It’s difficult, it’s like I have a school working day and then another job. I get home, have some food, and then from 4.45pm I work on the show”.

James is reinvesting any profits in the company, which is registered in his father’s name. “I’m going to finish my A levels and then I hope to do broadcasting professionally. Right now I have nothing to lose apart from time. I’m not financially supporting myself, so I can throw myself at it. That’s what’s great about setting up a business when you’re young, you can go through hard times and not fall down”.

Source: Adapted from the Sunday Times 9 February 2014

To what extent could it be argued that James Gilmore has the characteristics of a typical entrepreneur? [8]

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(b) Discuss the methods that Mr Crerar might use to motivate his hotel employees.

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- (b) Consider the view that, for consumer electronics companies such as Sony, Apple and Samsung, having the correct product portfolio is the most important part of the marketing mix. [12]

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