

Surname	Centre Number	Candidate Number
First name(s)		2

## GCE A LEVEL



A510U10-1



O20-A510U10-1



**THURSDAY, 8 OCTOBER 2020 – MORNING**

### **BUSINESS – A level component 1 Business Opportunities and Functions**

2 hours 15 minutes

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
Section A	1.	4
	2.	6
	3.	16
	4.	3
Section B	5.	10
	6.	9
	7.	10
	8.	10
	9.	12
<b>Total</b>	<b>80</b>	

#### ADDITIONAL MATERIALS

A calculator.

#### INSTRUCTIONS TO CANDIDATES

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.

Answer **all** questions.

Write your answers in the spaces provided in this booklet. If you run out of space, use the additional page(s) 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.*

**SECTION A**

**1. Business plans**

(a) Outline the purpose of a business plan. [2]

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(b) Identify **two** sources of information or guidance an entrepreneur may use when setting up a business. [2]

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**2. Seeing finances clearly**

Tracy is an optician who carries out eye tests and sells glasses from her shop. The table below contains financial information relating to Tracy's business.

Price per pair of glasses	£125
Price per eye test	£22.50
Variable costs per pair of glasses	£50
Variable costs per eye test	£4.50
Fixed costs per month	£3 000
Quantity of glasses sold each month	115
Quantity of eye tests carried out each month	280

Tracy believes that her contribution per unit for the eye tests and the glasses are similar to her local competition.

(a) Define the following terms:

(i) Fixed costs [1]

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(ii) Contribution per unit [2]

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(b) Calculate Tracy's average monthly profit. [3]

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**3. Ink research**

Lauren and Tony are planning to open a body piercing and tattoo shop on a busy high street in Portsmouth that is popular with both local residents and tourists. In preparation for their store opening Lauren and Tony have decided to carry out market research. Their business advisor suggested they would be in a better position to make decisions if they collect both quantitative and qualitative data.

Lauren and Tony only have a limited market research budget and need to prioritise how to collect their data. Lauren believes that they should concentrate on secondary market research, but Tony believes that primary market research would be better, as this would provide the opportunity for **sampling**.

(a) Outline what is meant by the term *sampling*. [2]

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(b) With the use of examples, describe the difference between quantitative and qualitative data. [4]

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(c) Advise Lauren and Tony on whether using primary or secondary market research would be more beneficial for their business. [10]

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**4. Adding value to the Nutrifruit Blend**

Jatinder makes and sells a range of takeaway drinks called Nutrifruit Blend from his small retail unit. He sells each Nutrifruit Blend for £2.99. The cost of the fruit in each drink is 45p and the cost of the yoghurt per drink is 20p. Jatinder provides disposable cups and straws at an extra cost of 6p per drink.

- (a) Calculate the added value per Nutrifruit Blend. [1]

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- (b) Suggest **two** ways that a business might add value to its products. [2]

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**SECTION B**

**5. Motivation**

(a) Describe the motivation theory of L. Porter and E. Lawler. [4]

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Starbucks is a popular and well-known coffee brand that operates over 28 000 stores in more than 75 countries and employs over 200 000 people. Its employees are one of its most valuable assets and Starbucks realises that its success depends on the hard work of its employees. Employees in its stores have many duties including making coffee, communicating with customers, managing the store, taking payment, stocking the counters with food and cleaning the seating and social areas.

Starbucks is committed to investing in the development of its employees to help them to further their careers, such as progression to shift supervisor, shift manager and store manager. Its employees work a variety of hours, with staff being employed on a full-time or part-time basis.

(b) Explain **two** non-financial methods of motivation that Starbucks could use to motivate staff working in its coffee shops. [6]

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**6. Lee's cash flow**

Lee works as a self-employed electrician. Below is Lee's cash flow forecast for the next six months.

	<b>Jul</b>	<b>Aug</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Total Sales Receipts</b>	<b>5 500</b>	<b>(i)</b>	<b>5 750</b>	<b>6 250</b>	<b>6 500</b>	<b>7 000</b>
Materials and parts	1 500	1 550	<b>(ii)</b>	1 650	1 700	1 800
Wages	3 000	3 000	3 000	3 000	3 000	3 000
Fuel	350	375	375	400	425	450
Advertising	0	0	500	0	0	0
Purchase of van	0	0	0	8 000	0	0
Insurance	60	60	60	60	60	60
Other cash outflows	0	50	0	0	75	0
<b>Total Payments</b>	<b>4 910</b>	<b>5 035</b>	<b>5 485</b>	<b>13 110</b>	<b>5 260</b>	<b>5 310</b>
<b>Net Cash Flow</b>	<b>590</b>	<b>715</b>	<b>265</b>	<b>(6 860)</b>	<b>1 240</b>	<b>1 690</b>
<b>Opening Balance</b>	<b>1 100</b>	<b>1 690</b>	<b>2 405</b>	<b>2 670</b>	<b>(4 190)</b>	<b>(2 950)</b>
<b>Closing Balance</b>	<b>1 690</b>	<b>2 405</b>	<b>2 670</b>	<b>(iii)</b>	<b>(2 950)</b>	<b>(1 260)</b>

(a) Calculate the:

(i) Total Sales Receipts for August. [1]

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(ii) Materials and parts for September. [1]

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(iii) Closing Balance for October.

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(b) With reference to Lee's cash flow forecast, evaluate ways in which Lee could improve his projected cash flow position. [6]

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### 7. Estate agent appraisals

Marie owns an estate agency and employs 12 staff across three offices who help clients to buy and sell property. Marie pays her staff a basic salary plus commission on each property they sell. Each year Marie conducts an **appraisal** with each of her employees, which typically lasts one hour. As part of the appraisal process, Marie asks each member of staff to complete a self-assessment form, which is discussed during the appraisal meeting.

(a) Outline what is meant by the term *appraisal*. [2]

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(b) To what extent do you agree that appraisals are beneficial to both Marie's business and her employees? [8]

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**9. Quality at McDonald's**

McDonald's states through its website and on its radio adverts that it makes its food using 100% chicken breast meat and 100% British and Irish beef for its range of burgers. McDonald's only use British potatoes for its fries and award-winning, quality-assured free-range eggs in its meals.

McDonald's sources its buns from suppliers who use high-quality wheat and its salad vegetables are monitored closely for freshness. Its fresh milk conforms to safety standards and is sourced from local suppliers.

McDonald's ensures that its beef is sourced from suppliers that meet hygiene legislation and samples are taken regularly to ensure compliance with McDonald's standards. Meat is frozen at the point of manufacture and is kept frozen at the right temperature throughout the supply chain to ensure the product reaches McDonald's restaurants in the best condition. In each restaurant, staff are trained on food hygiene and to ensure that health and hygiene standards are maintained.

Evaluate the importance of quality to McDonald's and its stakeholders. [12]

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