

Candidate Name	Centre Number					Candidate Number				

**AS BUSINESS****COMPONENT 1****Business Opportunities****SPECIMEN PAPER****1 hour****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.

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

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

1. **Dragon Den: Bobo Buddies businessman James Roupell on why he rejected his offer**

Being backed by every entrepreneur in the Dragon’s Den is an achievement that inventors and business owners dream of. James Roupell found himself in the Den after he started a business making a backpack for children that can be used as a toy, pillow, and blanket. He thought of the idea when he was on an airplane in June 2012. “I was surrounded by kids and there were soft toys and blankets everywhere. I suddenly thought, why don’t I start making these all-in-one toys?” Within six months, his business idea was a reality and he had sold his first batch of 4 000 units at Christmas fairs and trade shows, before securing a deal with Debenhams.

But ‘Bobo Buddies’ founder James Roupell, who appeared on an episode of the *BBC* programme initially accepted a joint offer of £50 000 in exchange for a 40 per cent stake in his business from Deborah Meaden and Peter Jones, only to give it up when he left the studio. “They were very persuasive”, he said. “I hadn’t planned to give away nearly that much of my company, but I felt under pressure at the time”.

Source: *The Independent* March 4, 2014

(a) Why might James Roupell be regarded as an entrepreneur? [4]

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- (b) With reference to the Dragon's offer of £50 000 in exchange for a 40 per cent stake in the business, calculate their estimated value of the 'Bobo Buddies' business. [2]

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- (c) James Roupell decided to reject the Dragon's offer of £50 000. Suggest two other sources of finance that James might use to raise the money and explain the possible benefits and drawbacks of each chosen source of finance. [6]

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(ii) .....

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2. Danny, a catering student and Richard, a business undergraduate had been close friends since meeting at school some ten years ago. They had been impressed by the food they had purchased from a mobile caterers outside a football ground that they had recently attended. The idea of running their own business was something they had been contemplating for a while and, by the time they had completed the four hour journey home from the match, they had hatched a plan to start their own mobile catering partnership.

They were aware that the local authority offered an Enterprise Advice Scheme, and upon finishing college and gaining their qualifications, they set up a meeting with an adviser in an attempt to get their business off the ground. Soon after the start of the meeting they both began to realise that there was much more to setting up their business than they had initially thought.

Prior to their next meeting in six weeks' time they had been set the target of drawing up a business plan to present to their adviser. Her parting words at the conclusion of the meeting gave them a great deal to think about. "A new venture supported by a business plan has a much greater chance of success in today's business environment".

- (a) Explain two advantages and two disadvantages to Danny and Richard of setting up as a partnership? [8]

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- (b) (i) Identify two of the main components of a business plan. [2]

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- (ii) To what extent do you agree with the view that a business plan will guarantee the success of a business venture such as Danny and Richard's? [8]

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3. Ski-Joy Ltd. manufactures top quality jackets which they currently sell at £300 each.  
The information in the table below shows data for the year ending December 2014.

Sales	<i>50 000 jackets</i>
Total Fixed Costs	<i>£1 000 000</i>
Variable Costs:	
Labour	<i>£80 per jacket</i>
Materials	<i>£120 per jacket</i>

- (a) Calculate Ski-Joy's:
- (i) Contribution per jacket [2]
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- (ii) Break-even output [2]
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- (b) Calculate the profit that Ski-Joy made in 2014. (show your workings) [4]
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