

Write your name here

Surname

Other names

Centre Number

Candidate Number

**Edexcel GCSE**

# Business Studies

## Unit 3: Building a Business

Wednesday 30 May 2012 – Morning

**Time: 1 hour 30 minutes**

Paper Reference

**5BS03/01**

**You may use a calculator.**

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.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*

### Information

- The total mark for this paper is 90.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (\*) are ones where the quality of your written communication will be assessed  
– *you should take particular care on these questions 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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**PEARSON**

**SECTION A**

**Answer ALL questions. You should spend 40 minutes on this section.**

**Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.**

- 1** (a) Which of the following is an environmental problem resulting from the activities of a business?

Select **one** answer.

(1)

- A** Lower profits
- B** Higher costs
- C** Pollution
- D** Poor communication

- (b) Identify **two** possible ways in which a business might become more ethical.

(2)

1 .....

2 .....

- (c) Outline **one** benefit to a business if it improves its ethical behaviour.

(2)

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(d) Explain **one** drawback a business could face as a result of pressure group activity.

(3)

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**(Total for Question 1 = 8 marks)**



2

In May 2011 *Sainsbury's* staff protested outside the company's head office about their low pay. Checkout operators at the supermarket receive £6.31 per hour, a sum of money just above the national minimum wage.

(Source: adapted from <http://www.employeebenefits.co.uk/cgi-bin/item.cgi?id=13223&d=23&h=0&f=0>)

(a) Which of the following **best** describes the term **minimum wage**?

Select **one** answer.

(1)

- A** A fixed payment per year but paid monthly
- B** A payment made to employees for working extra hours
- C** The lowest amount a business can legally pay its employees
- D** A payment to an employee for reaching a sales target

(b) Other than increasing pay, identify **three** possible methods to increase the motivation of *Sainsbury's* checkout staff.

(3)

1 .....

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2 .....

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3 .....

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(c) Describe how an increase in pay might motivate *Sainsbury's* checkout staff.

(3)

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*Sainsbury's* employs large numbers of women in its stores. All female workers have maternity rights which *Sainsbury's* has to provide by law.

(d) Explain **one** effect the provision of maternity rights might have on *Sainsbury's*.

(3)

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**(Total for Question 2 = 10 marks)**



3

In 2011 budget airline *Easyjet* announced it was ordering 15 new aircraft. The new planes were faster and improved the company's productivity. *Easyjet* hoped to make a profit of £2 million per year from each of the new planes it had ordered.

(Source: adapted from <http://www.guardian.co.uk>)

(a) Which of the following is **most likely** to increase *Easyjet's* profits?

Select **one** answer.

(1)

*Easyjet* should increase:

- A** revenue by more than costs
- B** fixed costs
- C** variable costs by more than fixed costs
- D** ticket prices

The airline industry is very competitive. *Easyjet* faces many rivals such as *British Airways* and *Ryanair*.

(b) Explain **one** benefit to *Easyjet* of improved productivity.

(3)

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(c) Describe how *Easyjet* could differentiate its service from that provided by other airlines.

(3)

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Budget airlines such as *Easyjet* are often criticised for delays and cancellations.

(d) Explain **one** disadvantage to *Easyjet* of providing poor customer service.

(3)

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**(Total for Question 3 = 10 marks)**



4

In March 2011 games manufacturer *Nintendo* launched the *Nintendo 3DS* console. The console allows users to experience 3D games without having to wear special glasses. However, some users were reported to feel unwell after playing the 3D games.

(Source: adapted from <http://www.dailymail.co.uk>)

(a) In which stage of the product life cycle was the *Nintendo 3DS* in March 2011?

Select **one** answer.

(1)

- A** Maturity
- B** Decline
- C** Growth
- D** Introduction

Market research is a way of gathering information from customers.

(b) State **two** methods of collecting quantitative market research *Nintendo* could use.

(2)

1 .....

2 .....





Before the launch of the *Nintendo 3DS*, *Nintendo* built up large stocks of the console to meet the likely demand.

(c) Explain **one** drawback to *Nintendo* of holding large stocks of *3DS* consoles.

(3)

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## SECTION B

Answer ALL questions. You should spend 30 minutes on this section.

Read the following passage carefully and then answer questions 5 and 6.



*Shiftyjelly* is a business which designs applications or 'apps' for smart phones and tablet computers. It currently employs two full-time and three part-time app developers. Each member of staff is paid a salary for their work.

One of *Shiftyjelly's* most popular apps is *Pocket Casts*, an app which allows you to organise and download podcasts faster. It is sold online through *Apple's App Store* and is priced at £1. *Apple* is often slow to pay *Shiftyjelly* its share of the revenue when a sale is made. This has damaged *Shiftyjelly's* cash flow.

(Source: adapted from <http://shiftyjelly.com>)

5 (a) What is meant by the term **cash flow**?

(2)

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(b) Identify **two** cash outflows for a business such as *Shiftyjelly*.

(2)

1 .....

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2 .....

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(c) Outline **one** method *Shiftyjelly* could use to improve its cash flow.

(2)

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(d) State **one** advantage and **one** disadvantage to *Shiftyjelly* of paying its app developers a salary, rather than any other form of remuneration.

For each advantage/disadvantage explain the effect on the business.

(8)

Advantage

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Explanation

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Disadvantage

Explanation

**(Total for Question 5 = 14 marks)**

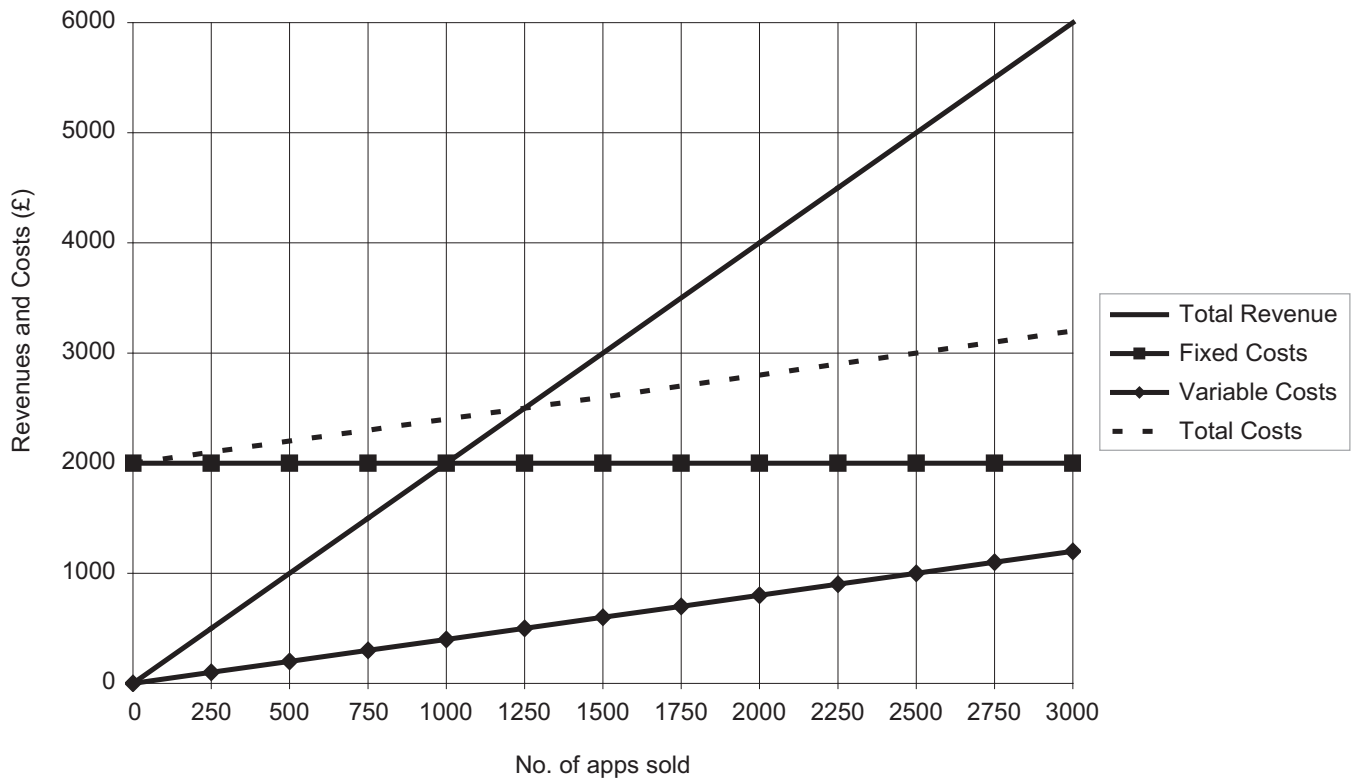


*Shiftyjelly* is currently designing a new weather app for tablet computers such as *Apple's iPad*. The company wants to sell the app for £2. The estimated costs of developing the app are:

Fixed costs = £2 000

Variable costs = 40p per app

Below is a break-even chart for the new weather app.



(Source: adapted from <http://shiftyjelly.com>, June 2011)

6 (a) What is meant by the term **break-even point**?

(2)

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(b) (i) Using the break-even chart, state the number of apps *Shiftyjelly* must sell in order to break-even.

(1)

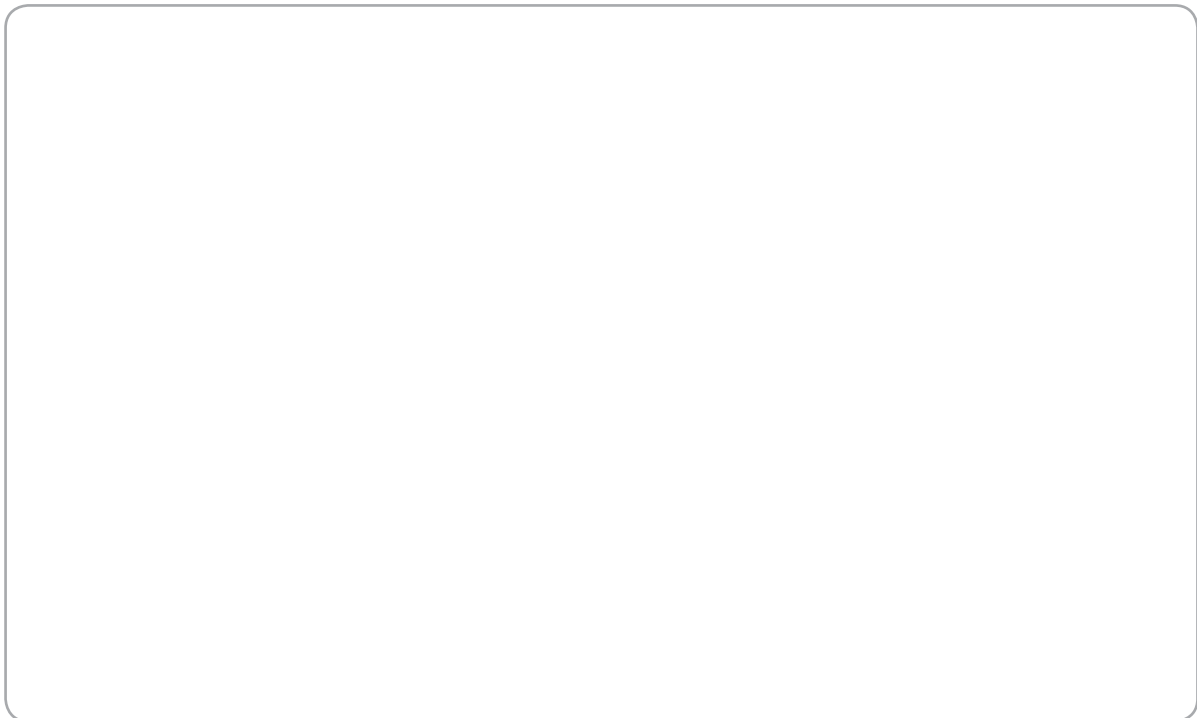
(ii) *Shiftyjelly* is expecting to sell 3000 copies of its weather app. Calculate the margin of safety for this product. Show your workings.

(2)



(c) Calculate *Shiftyjelly's* profit/loss if it manages to sell 3000 copies of its weather app. Show your workings and the formula used.

(3)







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## SECTION C

Answer ALL questions. You should spend 20 minutes on this section.

Read the following passage carefully and then answer questions 7 to 10.



© Rex Features

*Mulberry plc* produces high-quality designer leather goods such as bags and belts. In the 1990s the company was facing collapse, but since then it has become one of British fashion's biggest success stories.

*Mulberry's* successful turnaround was due to the appointment of Nicolas Knightly as design director. His bag designs became instant hits with high-profile celebrities such as Kirsten Dunst. Nicholas' most recent bag design is known as the 'Alexa' – so called because the company gave one in every size and colour to MTV presenter and model Alexa Chung (pictured above). Giving celebrities free bags has always been an essential part of *Mulberry's* marketing. It provides *Mulberry* with free publicity in fashion magazines and helps make the brand and its bags appear cool.

The success of *Mulberry's* bag designs has led to large increases in demand. To cope with this the company has used internal sources of finance to fund improvements to its factory and has opened up new stores in places such as China and Singapore. *Mulberry* has decided to expand cautiously since its experience in the 1990s showed how easy it was for its designs to go out of fashion and lose customer appeal. At the time this led to large losses for the business.

(Source: adapted from <http://fashion.telegraph.co.uk/columns/belinda-white/TMG8191538/How-have-Mulberry-achieved-their-epic-turnaround-of-fortunes.html>)



7 What is meant by the term **marketing**?

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**(Total for Question 7 = 2 marks)**

8 Identify **two** benefits to a business resulting from high quality design of its products.

1 .....

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2 .....

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**(Total for Question 8 = 2 marks)**







(Total for Question 10 = 10 marks)

**TOTAL FOR SECTION C = 20 MARKS**  
**TOTAL FOR PAPER = 90 MARKS**



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