

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

**Business Studies/Economics and Business
Advanced Subsidiary
Unit 1: Developing New Business Ideas**

Thursday 21 May 2009 – Morning
Time: 1 hour 15 minutes

Paper Reference
**6BS01/01
6EB01/01**

You do not need any other materials.

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 in Section A and **all** parts of the question in Section B.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- You may use a calculator.

Information

- The total mark for this paper is 70.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Quality of written communication will be taken into account in the marking of your response to question 13 in Section B. This question is indicated with an asterisk.
– *you should take particular care 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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SECTION A

Answer ALL the questions in this section.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may annotate and include diagrams in your answers.

- 1 (a) Ruth Badger, star of the BBC series 'The Apprentice', has argued that the most important characteristic of a successful entrepreneur is 'having the right attitude'.

Which of the following is **least likely** to be a characteristic of a successful entrepreneur?

(1)

- A Resilience
- B Creativity
- C Cautiousness
- D Hard working

Answer

- (b) Explain why this answer is correct.

(3)

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(Total for Question 1 = 4 marks)



2 (a) Mike and Carol Clare, husband and wife former owners of Dreams, the UK bed company, decided to sell the company in March 2008.

Which of the following is the **most likely** reason to explain their sale of the business?

(1)

- A To work fewer hours
- B To increase risk taking
- C To become more dependent
- D To reduce capital to set up another business

Answer

(b) Explain why this answer is correct.

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(Total for Question 2 = 4 marks)



3 (a) In January 2008 Sky TV introduced a £16 promotional package which offered satellite TV, broadband and free evening and weekend telephone calls to new customers.

Which of the following was the **most likely** consequence of the above for a self-employed satellite and aerial installer?

(1)

- A More installation contracts for Sky TV
- B More British Telecom customer contracts
- C An increase in the average costs of digital aerials
- D A decrease in income

Answer

(b) Explain why this answer is correct.

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(Total for Question 3 = 4 marks)



4 (a) The price of bread in UK supermarkets increased on average by 50 per cent in 2007. A small bakery, Subans of Nottingham, ceased trading as a result.

Which of the following is the **most likely** explanation for the closure of the bakery?

(1)

- A A decrease in the demand for bread
- B A decrease in overheads
- C A decrease in competition from rival supermarkets
- D An increase in contribution

Answer

(b) Explain why this answer is correct.

(3)

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(Total for Question 4 = 4 marks)



5 (a) In 2007 Social Trends reported that a growing proportion of the UK population were using credit and debit cards to make purchases of less than £10. Social Trends is a valuable secondary source of information for many businesses.

Which of the following is also a source of secondary research?

(1)

- A Customer surveys
- B The national census
- C Visits to a local business
- D Interviews with a marketing director

Answer

(b) Explain why this answer is correct.

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(Total for Question 5 = 4 marks)



6 (a) Throughout 2007, the UK experienced a gradual decline in interest rates.

Which of the following is the **most likely** consequence for a small electrical retailer?

(1)

- A Spending on stock decreases
- B Staff wages are increased
- C Borrowing increases
- D Average cost of stock increases

Answer

(b) Explain why this answer is correct.

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(Total for Question 6 = 4 marks)



7 (a) Clear Vision is a small window cleaning business operating in Derby. In order to seek finance for the business to start-up, Mark Wilkinson, the proprietor, had to prepare a business plan.

Which of the following would Mark include in his business plan?

(1)

- A Bank loan application
- B Cash-flow forecast
- C Bank statement
- D Trade-off

Answer

(b) Explain why this answer is correct.

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(Total for Question 7 = 4 marks)



8 (a) Sir Alan Sugar, star of the BBC's *The Apprentice*, has a personal fortune of around £800 million, stemming from a range of successful businesses. Sir Alan Sugar considers himself to be successful because he is effective at positioning his businesses.

Which of the following is not an aspect of positioning a business?

(1)

- A Evaluating the competition
- B Estimating profitability
- C Market mapping
- D Considering the competitive advantage of the product/service

Answer

(b) Explain why this answer is correct.

(3)

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(Total for Question 8 = 4 marks)

TOTAL FOR SECTION A: 32 MARKS



SECTION B

Answer ALL parts of the question in this section.

You are advised to spend 45 minutes on this section.

Evidence A



Shivani Patel has been making and selling contemporary precious jewellery since leaving The Birmingham School of Jewellery in the summer of 2005. Since then her business has enjoyed a steadily expanding turnover from around £20 000 per annum to £60 000 in 2008. Trade changed dramatically when

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Shivani re-located in November 2007 to The Fold, in Worcestershire. Here she set up a combined workshop and retail gallery space showcasing her work. Working exclusively with precious metals, each piece of jewellery is completely hand crafted.

Shivani works using the Korean technique of 'Keum-boo', involving fusing pure gold foil to the surface of silver. Designs and ideas are continuously evolving as her focus increases on working with gold and unique hand selected precious and semi-precious stones.

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Evidence B



The Fold® at New House Farm, Bransford, midway between Malvern and Worcester, is a refurbished barn and other converted farm buildings. **The Fold**® is run as a not-for-profit community enterprise: a unique mix of businesses ranging from market gardeners to contemporary jewellers.

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At the heart of **The Fold**® is The ecoCafé, a place to meet and eat quality food which you can see prepared in an open-style kitchen. The food is local, seasonal, fair trade and organic wherever possible. In The ecoCafé there are quiet corners to meet with friends or more communal spaces where you may find yourself unexpectedly involved in a conversation about

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how to use less electricity.



Evidence C – Gold price annual increases 2001–2007

2001	2%
2002	23%
2003	21%
2004	5%
2005	20%
2006	19%
2007	25%

Evidence D – Fairtrade Facts

Flying off the shelves: consumers spent nearly half a billion (£493m) on products carrying the FAIRTRADE Mark in the UK in 2007.

Go bananas: 1 in every 4 bananas sold in UK supermarkets is now Fairtrade with sales topping £150m in 2007.

(Sources: **A** adapted from www.shivanipatel.co.uk **B** www.thefold.org.uk **C** Kitco.com **D** www.fairtrade.org.uk)

9 Evidence A states “her business has enjoyed a steadily expanding turnover” (Evidence A, lines 4–5).

Explain **two** likely reasons why Shivani’s jewellery business’s turnover has increased.

(6)

Reason 1

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Reason 2

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10 Explain why it might be necessary for Shivani to distinguish carefully between turnover and operating profit.

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