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?

A  Resilience
B  Creativity
C  Cautiousness
D  Hard working

Answer

(b) Explain why this answer is correct.

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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?

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.

(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.

(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?

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.

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(Total for Question 4 = 4 marks)
(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?

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?

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)
(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.  

(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.

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(Total for Question 8 = 4 marks)

TOTAL FOR SECTION A: 32 MARKS
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 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.

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.

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 how to use less electricity.
Evidence C – Gold price annual increases 2001–2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Increase</th>
</tr>
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<tbody>
<tr>
<td>2001</td>
<td>2%</td>
</tr>
<tr>
<td>2002</td>
<td>23%</td>
</tr>
<tr>
<td>2003</td>
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<td>5%</td>
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<td>2005</td>
<td>20%</td>
</tr>
<tr>
<td>2006</td>
<td>19%</td>
</tr>
<tr>
<td>2007</td>
<td>25%</td>
</tr>
</tbody>
</table>

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

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.

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

[Blank lines for answer]

Reason 2

[Blank lines for answer]
10 Explain why it might be necessary for Shivani to distinguish carefully between turnover and operating profit.

(4)
11 The owners of The ecoCafé aim to achieve significant added value.

Assess why providing added value might be particularly important for any Fold enterprise.

(8)
12 Fluctuations in exchange rates affect companies involved in international trade. Discuss the extent to which an appreciation in the £ sterling might affect UK retailers of Fairtrade products, such as the Co-operative.

(8)
**13 If the price of gold (Evidence C) and the demand for Fairtrade products (Evidence D) both continue to rise, assess the likely implications for Shivani and The ecoCafé, respectively.**

Shivani and the price of gold

...
The ecoCafé and the demand for Fairtrade products

TOTAL FOR SECTION B: 38 MARKS
TOTAL FOR PAPER: 70 MARKS