

Write your name here

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Other names

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Edexcel GCE**

Centre Number

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# Business Studies/Economics and Business

**Advanced Subsidiary**

**Unit 1: Developing New Business Ideas**

Thursday 19 May 2016 – Afternoon

**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 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.*
- 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.
- 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 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** Jack Stocker is 10 years old. Recently Jack sold 80 blueberry cakes at a price of 75p each. The cost of ingredients was £25 and Jack's father, David, estimated that total expenses were £5.

(a) What was Jack's operating profit margin?

(1)

- A** £30
- B** £35
- C** 50%
- D** 58.3%

Answer

(b) Explain your answer (show your workings).

(3)

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**(Total for Question 1 = 4 marks)**

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2 In 2013, the UK supermarket chain Tesco cut prices on essential items such as bread, eggs and milk by 24%. Morrisons responded with price cuts averaging 17%.

(a) This is **best** described as an example of

(1)

- A competitive pricing
- B market orientation
- C cost plus pricing
- D adding value

Answer

(b) Explain your answer.

(3)

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**(Total for Question 2 = 4 marks)**



3 SurveyMonkey.com creates and publishes online surveys.

When conducting a survey, the size of the sample can sometimes be reduced to save time and money.

(a) The above choice is **best** described as (1)

- A a trade-off
- B an opportunity cost
- C bias
- D test marketing

Answer

(b) Explain your answer. (3)

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**(Total for Question 3 = 4 marks)**



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**4** In January 2014, Andy Taylor, the Chief Executive of Enterprise car hire company, told all employees in every branch that they had to use the customer satisfaction measure.

Andy insisted on this.

(a) Andy's leadership style can be described as (1)

- A** paternalistic
- B** democratic
- C** autocratic
- D** theory Y

Answer

(b) Explain your answer. (3)

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**(Total for Question 4 = 4 marks)**



5 In May 2005, Duncan Goose set up Global Ethics Ltd, which produces and sells the drink One Water. The website of the business has the statement 'The world's poor are our shareholders'

(a) This statement might **best** be described as showing (1)

- A limited liability
- B a social purpose
- C a profit motive
- D market segmentation

Answer

(b) Explain your answer. (3)

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**(Total for Question 5 = 4 marks)**



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6 In 2011, retail expert Mary Portas warned that small shops in the UK will 'disappear forever'. Mary argued that this was because of supply factors.

(a) Which of the following is **not** a supply factor that could affect small shop owners? (1)

- A Rents
- B Planning regulations
- C Council taxation (Business Rates)
- D Fashion, tastes and preferences

Answer

(b) Explain your answer. (3)

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**(Total for Question 6 = 4 marks)**



7 ChildrenSalon is a high fashion retailer that operates in a UK niche market.

(a) Which of the following statements about niche markets is **not** true?

(1)

- A Firms will not have much competition
- B Consumers may not have the same tastes as those in a mass market
- C Prices are usually lower
- D Quality and reliability are more important

Answer

(b) Explain your answer.

(3)

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**(Total for Question 7 = 4 marks)**





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8 In February 2014, the UK unemployment rate fell to 6.9%.

(a) Lower unemployment rates are **most likely** to cause a rise in the growth of the (1)

- A gross profits of a business
- B sales revenue of a business
- C net profits of a business
- D sales volumes of a business

Answer

(b) Explain your answer. (3)

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**(Total for Question 8 = 4 marks)**

**TOTAL FOR SECTION A = 32 MARKS**



## SECTION B

Answer ALL questions in this section.

You are advised to spend 45 minutes on this section.

### Evidence A

#### Speed One Sports 2014

Tony Di Ponio left Italy at the age of four when his father decided the family should move to Birmingham, England. Tony is now 35, married with two children and owns and manages Speed One Sports, a business with an annual turnover in excess of £2m.



(Source: © 2014 speed one sports)

Tony 'failed' at secondary school. He gained low GCSE grades – seven grade Ds, two Es and one F. Later though, his fortunes changed. At the age of 18, after studying a BTEC Foundation Course in Business Administration at Halesowen College, Tony started work as a Sports Development Administrator for Birmingham City Council, earning £12 000 a year. In the evenings Tony offered badminton classes and charged £10 an hour. Within three years, Tony's passion and abilities were recognised by the Council and he was promoted and earning a salary of £30 000.

However, working for the Council did not prove challenging enough for Tony. He lost his enthusiasm and wanted something more stimulating. So, in 1998 using his own savings, a small bank loan and £20 000 he borrowed from his father-in law, Ken, he set up his own business – a children's soft play centre. This business failed within 12 months and Tony lost over £70 000.

In 1999 Tony decided to set up another company offering a range of sports coaching services under the brand name Little Tone Promotions. Coaching was offered in a range of sports: athletics, badminton, cricket, dance, gymnastics and football.



In 2010, determined to achieve even more success, Tony started Speed One Sports. He opened a small factory in Birmingham, printing and stitching school logos on sports clothing for schools. He used quality supplies imported from a Nike wholesaler in the US. The printing and stitching were carried out by three production staff. Tony paid himself a salary of £3 000 per month.

By 2012, Speed One Sports had developed into a multi-product business, which used a range of supplies sourced from Adidas, Fruit of the Loom, HH Workwear Wilson as well as Nike.

By May 2014 Speed One Sports Ltd also offered:

- Corporate and work wear
- Engraved sports trophies
- Promotional gifts like key rings, mugs, and stationery
- Sports funding consultancy
- Entertainment and awards promotions

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Speed One Sports Ltd employs over 50 staff, across three factories and in one separate city centre office. It provides sportswear and coaching to over 100 primary and secondary schools in the West Midlands. Tony's annual salary exceeds £100 000 a year, he lives in a house worth over £1m, owns a high performance vintage Porsche motor car and two Mercedes A class cars. Yet Speed One Sports Ltd is not all about making money. Every month in the school year, all staff provide free business, careers and enterprise workshops to client schools.

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Tony comments: 'We do this because having an enthusiasm for enterprise is the future for the young people of this country'.

(Sources: adapted from <http://www.littletone.co.uk>/<http://www.speedonesports.com/>  
Interview with Tony Di Ponio on 29 Jan 2014  
MisterWhat Copyright © 2011-2015)



9 Analyse **two** non-price factors that could affect the supply of Speed One Sports Ltd's products and/or services.

Area with horizontal dotted lines for writing the answer to Question 9.

(Total for Question 9 = 6 marks)

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10 Using the case study, explain **one** reason why it might be important for Tony to be self-confident.

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**(Total for Question 10 = 4 marks)**







**\*13** Assess the extent to which each of the following might affect Speed One Sports Ltd:

(a) a rise in UK inflation

(6)

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(b) an appreciation in the exchange rate of pound sterling (£).

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**(Total for Question 13 = 12 marks)**

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**TOTAL FOR SECTION B = 38 MARKS**

**TOTAL FOR PAPER = 70 MARKS**



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