

Surname	Centre Number	Candidate Number
First name(s)		0



GCSE

C510U10-1



MONDAY, 9 NOVEMBER 2020 – AFTERNOON

BUSINESS – Component 1
Business Dynamics

2 hours

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	2	
2.	1	
3.	2	
4.	2	
5.	6	
6.	5	
7.	2	
8.	20	
9.	20	
10.	20	
11.	20	
Total	100	

ADDITIONAL MATERIALS

A calculator.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen.
Do not use pencil or gel pen. Do not use correction fluid.
Answer **ALL** questions.

Write your name, centre number and candidate number in the spaces at the top of this page.

Write your answers in the spaces provided in this booklet.

If you run out of space, use the additional page(s) at the back of the booklet, taking care to number the question(s) correctly.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question. You are advised to divide your time accordingly.

The total number of marks available is 100.

You are reminded of the need for good English and orderly, clear presentation in your answers.



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

1. Identify which **two** of the following services are provided by the private sector in the UK. [2]

Tick **two** boxes only.

Police Service	
Beauticians	
Internet Providers	
Fire Service	
The Army	

2. Many businesses use commercial services. Identify **one** commercial service a business may use. [1]

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3. Outline **two** main features of an unlimited liability business. [2]

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4. Identify **two** main sections of a business plan. [2]

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5. KFC is a global fast-food business which uses franchising to grow its business.

(a) Describe what is meant by franchising. [2]

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(b) Explain **two** advantages to a business of using franchising to grow its business. [4]

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03



6. The worldwide chocolate market had total sales worth £133 billion in 2018. The percentage share of the main chocolate manufacturing companies is shown in the table below:

Chocolate manufacturing companies	Market Share 2018 (%)
Mars	14
Mondelez International (Cadbury)	13.8
Nestle	10.2
Ferrero	9.5
Hershey	7.2
Lindt	5.1
Others	?

- (a) Using the data in the table, calculate the percentage market share of the other chocolate manufacturing companies. [1]

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- (b) Using the information above calculate the value of Mars' sales in 2018. (Show your workings and present your answer to two decimal places.) [2]

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The large chocolate manufacturing companies benefit from economies of scale.

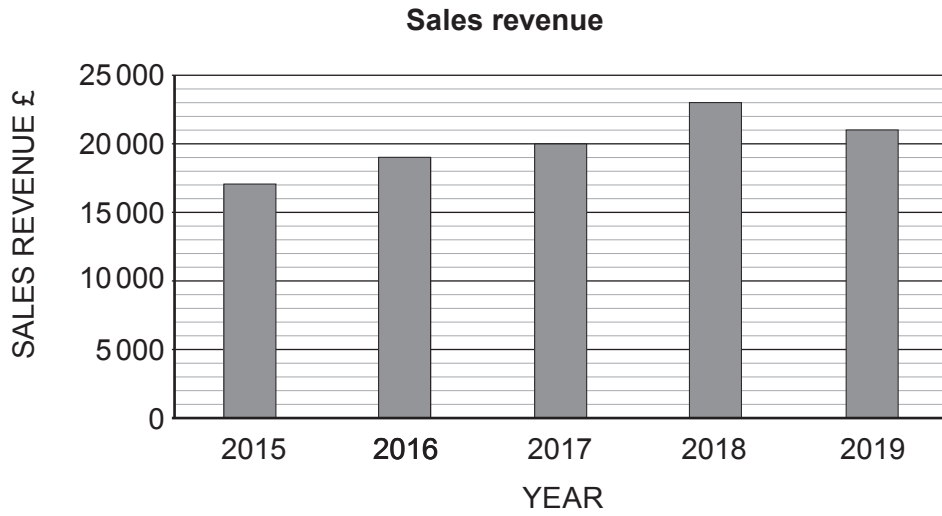
- (c) Identify **two** types of economies of scale. [2]

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7. The bar chart below gives information on the sales revenue for a local newsagent.



Calculate the percentage change in sales revenue between 2015 and 2019.
(Show your workings and present your answer to two decimal places.)

[2]

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C510U101
05



8. Bespoke Ltd is an online business which manufactures and sells a range of made-to-order wooden furniture. Bespoke Ltd is unique in that its website allows people to customise furniture from a range of options online. These designs are then finalised by Bespoke Ltd's design team using computer aided design (CAD) and are then manufactured using computer aided manufacture (CAM).

Bespoke Ltd's profit and loss account for 2019

	2019
Sales revenue	1 600 000
Cost of sales	840 000
Gross profit	?
Gross profit margin	47.5%
Expenses:	
Salary	380 000
Gas and electricity	15 000
Rent	130 000
Business rates	23 000
Other expenses	27 000
Total expenses	575 000
Net profit	185 000
Net profit margin	?

- (a) (i) Calculate the gross profit for Bespoke Ltd for 2019. [1]

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- (ii) State the formula for calculating net profit margin. [1]

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- (iii) Using the formula calculate the net profit margin for Bespoke Ltd for 2019. (Show your workings and present your answer to two decimal places.) [1]

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Administrative staff use a number of different computer packages when carrying out their day-to-day jobs in the workplace.

(b) Identify a suitable computer package for each of the following tasks listed in the table below. [3]

Presenting market research findings in a sales meeting
Storing customer details
Having a meeting with suppliers in other countries

Bespoke Ltd uses a computerised just-in-time (JIT) stock control system.

(c) (i) Explain **one** advantage of a just-in-time (JIT) stock control system. [2]

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(ii) Explain **one** disadvantage of a just-in-time (JIT) stock control system. [2]

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Additional space for question 8(d) only:

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09



9. Steve Andrews is a keen gardener. He has recently retired from his job as a police officer. He would like to start his own gardening business in his local area, and will offer services such as mowing lawns, planting flowers and shrubs and trimming hedges. Steve has his own savings to help him set up the business.

(a) Identify **one** motive an entrepreneur may have for starting their own business. [1]

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(b) Explain **one** risk Steve Andrews may experience as an entrepreneur. [2]

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Steve Andrews wants to buy a vehicle which he will use to transport his mower and gardening tools. Steve is undecided whether to finance the purchase of the vehicle from his savings or by taking out a bank loan.

(c) Advise Steve on whether he should use his savings or a bank loan to purchase the vehicle. [3]

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Steve wants to calculate how many customers he needs every month in order to break-even. He has decided to calculate this based on an average charge of £15 per customer. His fixed costs are £300 per month and his variable costs are £5.

- (d) (i) State, with an example from Steve Andrew’s business, what is meant by fixed costs. [2]

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- (ii) Suggest **one** example of a variable cost Steve Andrews may have to pay. [1]

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- (iii) State the formula for calculating break-even through contribution. [1]

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- (iv) Using the formula, calculate the number of customers Steve Andrews will need to break-even every month. (Show your workings.) [2]

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11



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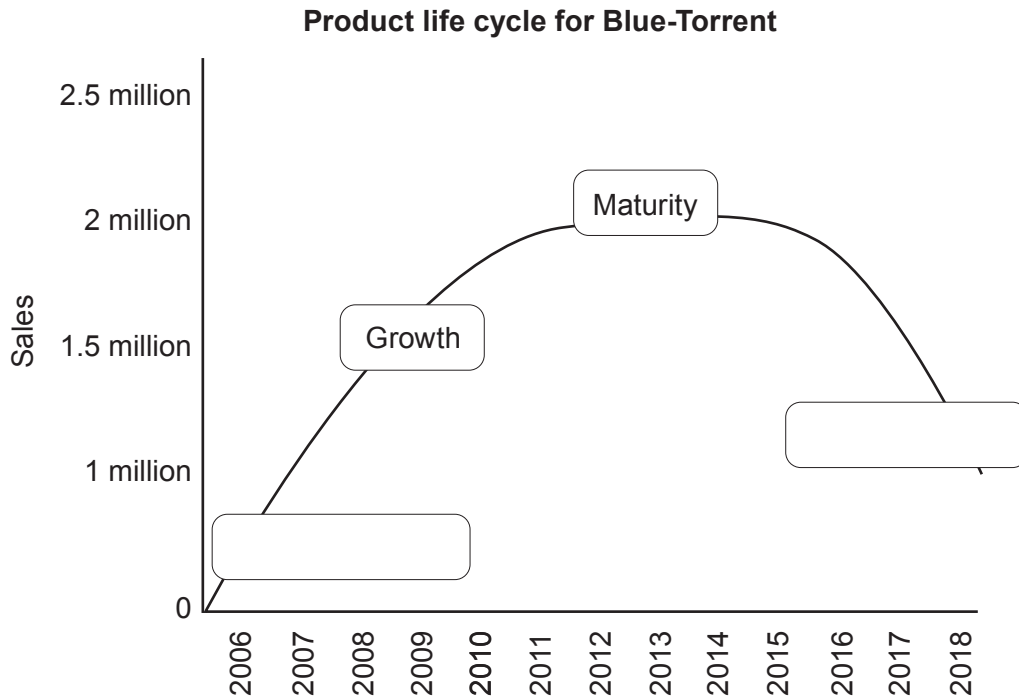
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10. Spritz Drinks Ltd is a soft-drinks manufacturer. It makes a wide range of drinks. It distributes drinks direct to wholesalers who then sell the drinks to smaller independent retailers, cafes, pubs and hotels. The most successful drink in its range is Blue-Torrent, an energy drink, however, in recent years sales have fallen due to concerns with its high level of sugar and other additives.



- (a) (i) On the diagram above, write the missing stages of the product life cycle in the blank boxes. [2]
- (ii) Describe the features of the **growth** stage of the product life cycle. [2]

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In response to a fall in sales of Blue-Torrent, Spritz Drinks Ltd changed the recipe to include more natural ingredients such as guava. Although this ingredient is more expensive the price for Blue-Torrent will remain the same. Also, sugar and additives have been reduced and Spritz Drinks Ltd have changed the packaging from a black can to a clear bottle. As a result, Blue-Torrent is now sold in supermarkets, health retailers, leisure centres and health clubs, in addition to wholesalers.

(b) (i) State what is meant by an extension strategy. [1]

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(ii) With reference to the data, explain how Spritz Drinks Ltd used an extension strategy for Blue-Torrent. [4]

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Spritz Drinks Ltd will advertise the new version of Blue-Torrent.

(c) Suggest **one** suitable advertising **medium** for the new version of Blue-Torrent. Give reasons for your suggestion. [3]

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(d) Analyse how Spritz Drinks Ltd has adapted its marketing mix to improve sales of Blue-Torrent. [8]

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Additional space for question **10(d)** only:

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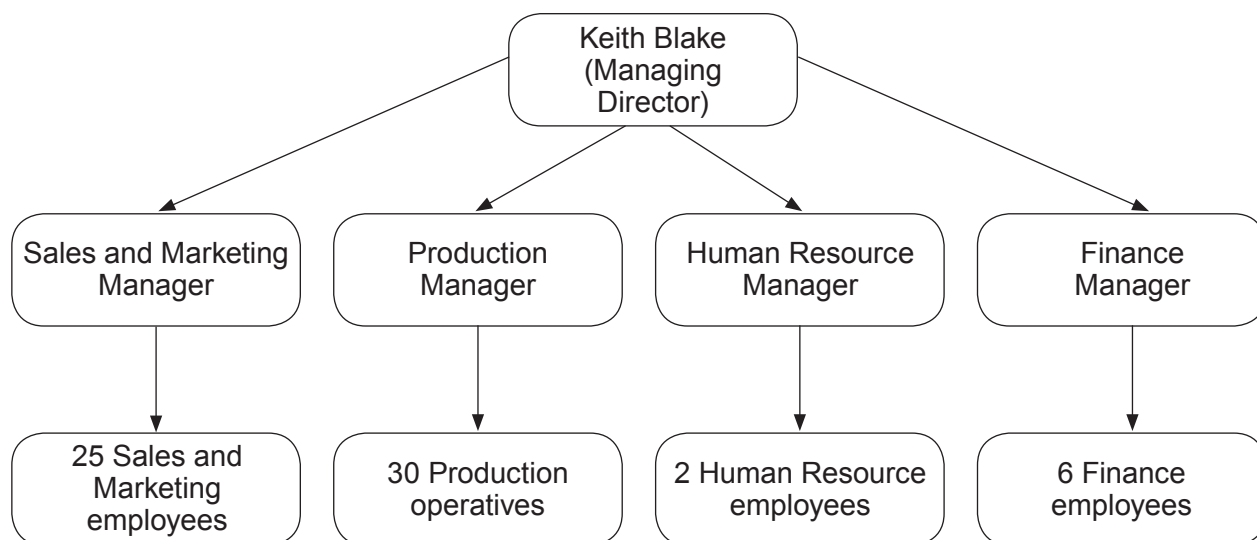
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11. KLB Ltd is a window-blind company that measures, manufactures and fits blinds to residential households. The business was established by Keith Blake in 1990, he is the Managing Director and major shareholder. Keith has constructed an organisational chart which is shown below.



KLB Ltd has a flat organisational structure.

- (a) With reference to KLB Ltd's organisational chart, describe what is meant by a flat organisational structure. [2]

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- (b) With reference to KLB Ltd's organisational chart:

- (i) State who is responsible for the production operatives. [1]

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- (ii) State the span of control of the Human Resource Manager. [1]

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(c) Using an example from KLB Ltd's organisational chart, describe what is meant by the term chain of command. [2]

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(d) Explain the importance of effective communication in the work place. [4]

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KLB Ltd's organisation chart shows the different functions of a business.

- (e) Discuss how the different functions of KLB Ltd work together to make business decisions. [10]

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Additional space for question 11(e) only:

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