

Surname	Centre Number	Candidate Number
Other Names		2



**GCE AS/A Level**

2510U10-1 – **NEW AS**



**BUSINESS – Unit 1  
Business Opportunities**

P.M. THURSDAY, 19 May 2016

1 hour 15 minutes

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	4	
2.	6	
3(a)	2	
3(b)	6	
4.	8	
5(a)	4	
5(b)	4	
5(c)	4	
6(a)	10	
6(b)	12	
<b>Total</b>	<b>60</b>	

**INSTRUCTIONS TO CANDIDATES**

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

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

Answer **all** the questions.

Write your answers in the spaces provided in this booklet. If you run out of space, use the continuation pages 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 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.*

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1. Identify and explain **two** motives that encourage individuals to become entrepreneurs. [4]

(i) .....

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(ii) .....

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2. Using examples of goods sold in a supermarket, explain the difference between inferior and normal goods. [6]

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3. All businesses operate in a **market**. However, the nature of the market in which businesses compete can vary considerably. **Monopolistic competition** is a form of imperfect competition that can be found in many markets. For example, across Wales there are an increasing number of businesses being set up to provide care homes for the elderly and nurseries for young children whose parents wish to return to work. Both examples fit into the market structure of monopolistic competition.

(a) What is meant by the term *market*? [2]

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(b) Explain, with reference to the examples given in the text, what is meant by *monopolistic competition*. [6]

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4. Llinos runs a coffee shop in Aberystwyth and business has been good in recent months. She has decided to increase the price of her cups of coffee. Her daughter, Anna, back home for the summer having completed the first year of her Business degree, pointed out that *'Unless you are certain about the price elasticity of demand for your cups of coffee, raising price might be a poor decision.'* Llinos did not have a clue what Anna was talking about and asked her to explain what she meant.

Consider, using the concept of price elasticity of demand, why 'raising price might be a poor decision'. [8]

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5. Rogers Travel Ltd is a medium sized enterprise, employing 20 people, based in Swansea. It built its success on providing summer package holidays to Spain and Italy. After reading an article which indicated a 10% rise in holidaymakers choosing Scandinavia as a destination, the owner of the business, Steve Rogers, carried out a series of interviews to try and establish whether it might be worthwhile offering package holidays to the region. This provided him with both **quantitative and qualitative data**. On the basis of his research findings he went ahead. However, sales to this region proved poor and the strategy had produced a loss.

(a) With reference to Rogers Travel Ltd, distinguish between *quantitative and qualitative data*. [4]

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Steve is now considering the American market. Not being able to afford any further mistakes, he invited in DataWatch, a firm of market research experts. They pointed out that the research he had undertaken was flawed because the size of the sample was too small and that virtually all the people interviewed in the research were retired. DataWatch offered him a market research package based on **random sampling** methods which they claimed would produce more reliable data to use as a basis for Rogers Travel Ltd's marketing strategy.

(b) Describe the approach that DataWatch might use when gathering a *random sample*. [4]

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(c) Explain how the use of *random sampling* will improve the reliability of the market research used by Rogers Travel Ltd. [4]

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6. Bronwen Lewis and Lucy Williams met at a Veterinary Conference in 2014 and had since become good friends. Bronwen had set up a veterinary practice as a sole trader in Newtown in Mid-Wales ten years ago whilst newly qualified Lucy was currently employed by a large practice on the outskirts of Cardiff.

Bronwen’s practice was very busy and she often had more work than she could cope with. She particularly wanted to expand her practice by building a new operating theatre for large animals in order to take advantage of the increasing number of horse owners in the surrounding area. However, accessing **sources of finance** for a small enterprise such as hers was a problem.

- (a) Evaluate different *sources of finance* available in Wales to sole traders, such as Bronwen Lewis, to assist in setting up and expanding a business. [10]

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In March 2016 Bronwen phoned Lucy asking if she would like to come and join her in Mid-Wales. Bronwen proposed that they form a private limited company and that she would be prepared to invest £60 000 into the business if Lucy could invest £30 000. It did not take long for Lucy to make up her mind and within a month they had started the process of registering their new private limited company with the Registrar of Companies in Cardiff.

(b) Assess the decision to form a private limited company from both Bronwen’s and Lucy’s point of view. [12]

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Question number	<b>Additional page, if required.</b> <b>Write the question number(s) in the left-hand margin.</b>
	<p>Dotted lines for writing.</p>

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