

Surname	Centre Number	Candidate Number
Other Names		2



**GCE AS/A LEVEL**

2510U10-1



**BUSINESS – AS unit 1  
Business Opportunities**

FRIDAY, 18 MAY 2018 – AFTERNOON

1 hour 15 minutes

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1(a)	4	
1(b)	4	
2(a)	2	
2(b)	9	
3(a)	6	
3(b)(i)	4	
3(b)(ii)	2	
3(c)	10	
4(a)	2	
4(b)	1	
4(c)(i)	2	
4(c)(ii)	2	
4(d)	1	
4(e)	2	
4(f)	9	
<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 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 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. Jemma Cooper is an award winning business woman and founder and Managing Director of Hi Therapies beauty salon and JemmaCo Beautycare. Her awards included National Young Entrepreneur for Venus Women’s Awards 2013, where she is now its national ambassador. In her role as ambassador, the key piece of advice she offers to young people wishing to set up as entrepreneurs is: ‘**Put together a good business plan** which helps you get your ideas out of your head and onto paper in a structured form’.

*Adapted: StartUp Britain 3 October 2016*

- (a) Identify and describe **two** key components of a business plan to someone wishing to start up a new business. [4]

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- (b) Explain **two** reasons why Jemma advises young people wishing to set up as entrepreneurs to ‘*put together a good business plan*’. [4]

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2. The Office for National Statistics commented that the figure for those employed in the public sector was the lowest ever recorded in the UK, whilst those employed in the private sector was at its highest.

	<b>Numbers Employed (UK)</b>
<b>Public Sector</b>	5 332 000
<b>Private Sector</b>	26 435 000

Source: Office for National Statistics June 2016

(a) Calculate the percentage of workers employed in the UK public sector in June 2016.  
(Answers to two decimal places) [2]

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(b) Discuss the view that there is no need for a public sector in the provision of goods and services in the UK. [9]

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3. Springer Sports was established 14 years ago by Harry Springer as a sole trader. He initially funded the business by re-mortgaging his house and worked long hours to get the business on its feet. It began as a single retail outlet selling top quality men’s sportswear. Market research undertaken in 2005 clearly indicated to Harry that there was potential for growth and that the business should also be stocking sportswear for women and children.

In addition to undertaking further market segmentation, he also decided to change the legal status of the business to a private limited company. He did this in order to encourage potential shareholders to invest in the business and help finance the potential growth. This proved to be a very successful plan and Harry today runs the business with three other directors, who between them have invested over £200 000. There are now 25 Springer Sports Ltd retail outlets across the country, employing over 220 people in this increasingly competitive market.

Sales and profits have fallen significantly in the last eighteen months and Harry has proposed to his fellow directors that they pay a market research company to undertake some primary research in order to identify the reasons for the decline in sales and offer some solutions. Having received a quote for the work, two of the directors are shocked at the high cost involved.

(a) Explain **two** reasons why Harry may have wanted to change the legal status of the business to a private limited company. [6]

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(b) (i) With reference to Springer Sports Ltd, what do you understand by the term *market segmentation*? [4]

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(ii) Analyse **one** benefit to a business of market segmentation. [2]

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(c) To what extent can the high cost of conducting market research be justified by Springer Sports Ltd? [10]

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4. Ricky Jones runs 'Mynydd Mawr Paragliders' (MMPGs) from a rented factory on an industrial estate in Mid-Wales. Being set in a quiet rural area the business has maintained its profile by advertising in trade magazines. Ricky employs three workers who manufacture the products and he estimates that the maximum number of paragliders the business can produce in 2018 will be 400 units.

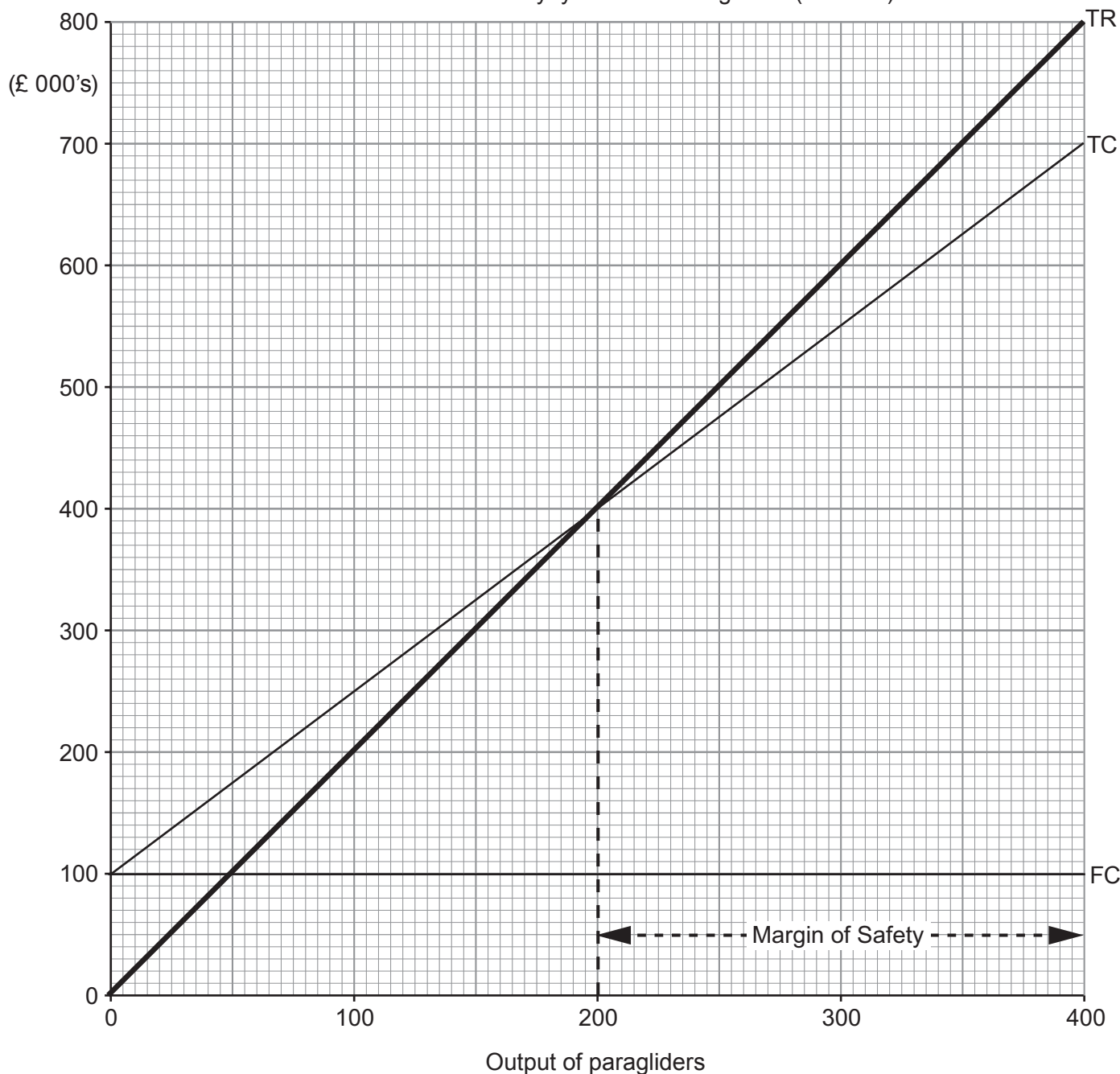


Ricky's break-even chart for the business in 2018 is shown below (Figure 1).

Study the chart and answer the following questions:

Figure 1

Break-even chart for Mynydd Mawr Paragliders (MMPGs)



(a) What price does MMPGs charge for each paraglider? [2]

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(b) If the business sells all that it manufactures at maximum output, what profit will it make in 2018? [1]

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(c) (i) Give **two** examples of fixed costs that MMPGs has to pay. [2]

- 1. ....
- 2. ....

(ii) Outline why the fixed cost line runs parallel to the horizontal axis. (Figure 1) [2]

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(d) If MMPGs only produce 350 units in 2018, what would its margin of safety be? [1]

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(e) The rent on MMPGs' factory is to rise by £20 000 in the next financial year. If prices and all other costs remain the same, calculate the percentage (%) change in profit at maximum output. [2]

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(f) Evaluate the usefulness of break-even analysis to a business such as MMPGs. [9]

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