

Surname	Centre Number	Candidate Number
First name(s)		2



## GCE AS/A LEVEL

2510U10-1



**FRIDAY, 20 MAY 2022 – MORNING**

### **BUSINESS – AS unit 1** **Business Opportunities**

1 hour 15 minutes

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

#### **ADDITIONAL MATERIALS**

In addition to this examination paper, you will need:

- a calculator.

#### **INSTRUCTIONS TO CANDIDATES**

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

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

Answer **all** 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** questions.

1. Five years ago, at the age of 16 years and with just £200, Joe Charman started his own business, Pilot Plus, which produces airport and flight simulation software. This software is used to train pilots on a computer before they fly to real airports. Joe now has a degree in Business and he manages a team of three employees and has seven products in his portfolio. Joe wants to develop his product portfolio and is looking for sources of finance to achieve this expansion.

Adapted from: [www.walesonline.co.uk/business](http://www.walesonline.co.uk/business)

- (a) With reference to Joe Charman, describe **two** characteristics of an entrepreneur. [4]

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(b) Evaluate **two** sources of finance Joe Charman could use to expand Pilot Plus. [8]

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Additional space for Question 1(b) only: .....

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2. The nature of markets in which businesses operate varies. Some markets have high levels of competition whereas others do not. An example of a **competitive market** is the dairy industry in Wales. Most of the milk in Wales is produced by small, independent family farms who receive a set price per litre from their customers.

(a) Outline what is meant by a *competitive market*. [2]

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(b) With reference to the dairy industry, explain the key features of a perfectly competitive market. [6]

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3. Buzz Ltd produces a range of hoverboards. The average variable cost of producing one hoverboard is £50 with an average selling price of £130. The fixed costs are £160 000 per month.



- (a) Calculate the monthly break even level of output of hoverboards for Buzz Ltd.  
(Show your workings)

[3]

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An investigation by the BBC's *Watchdog* programme found that some brands of hoverboards were being supplied with non-standard electric plugs, used to charge the hoverboard. This caused some of the hoverboards to overheat which has resulted in headlines about hoverboards exploding and catching fire. Television programmes such as *Watchdog* and *Rip Off Britain* seek to strengthen and protect the rights of consumers.

- (b) With reference to hoverboards, describe reasons why consumers sometimes need protection. [4]

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In order to avoid negative publicity, Buzz Ltd decided to purchase improved quality raw materials to produce the hoverboards causing the average variable cost to increase by 10%. Buzz Ltd also invested in improved machinery and training of the workforce which caused fixed costs to increase by £20 000 per month.

- (c) Calculate the new monthly break even level of output and comment on how the changes in costs will impact on Buzz Ltd. [4]

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4. Starting a business can be rewarding but it can also be risky and challenging. The table below shows the number of new business start-ups in the UK.

UK start-up businesses	
2016	657 790
2015	608 110
2014	581 173
2013	526 447

The survival rate for a new business start-up is low. It is estimated that around a third of all new businesses fail in their first year. However, many new business start-ups do survive and those that seek support, for example from banks, have an even better chance of success.

- (a) Calculate the percentage change in the number of new business start-ups in the UK between 2013 and 2016. (Show your workings) [2]

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- (b) Other than banks, identify **two** sources of information and guidance available to entrepreneurs in Wales. [2]

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Having an understanding of the marketplace is important to aid the survival of a new business. Market research can include both primary and secondary methods. However, it is vital to ensure that the data gathered is reliable and free from bias.

(c) With the use of examples, describe the difference between primary and secondary methods of market research. [4]

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(d) Outline the importance of avoiding bias when conducting market research. [3]

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Sampling methods, such as random and quota sampling, are used by businesses.

(e) Discuss the usefulness of sampling to a business and its customers. [8]

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Additional space for Question 4(e) only: .....

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**Turn over for Question 5**



5. Evaluate the factors that affect the choice of the legal structure of a business.

[10]

Dotted lines for writing response.



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