

Candidate Name

Candidate Number

Centre Name

Centre Number

Paper 1: Business Studies

For Examination June 2023

(1 Hour 30 Minutes)

It is necessary to respond on the answer sheets provided alongside this question paper. Additionally, you must have a soft pencil (preferably of type B or HB), a clean eraser and a dark blue or black pen.

INSTRUCTIONS:

- You must write your name, candidate number, centre name and centre number on the answer sheets in the designated spaces.
- Attempt all the questions required using a dark blue or black pen.
- It is important to follow the instructions provided on the answer sheets.
- Do not use correction fluid.
- Avoid writing on any bar codes.

INFORMATION:

The number of marks assigned for every question or its parts is indicated within brackets []

Short Answer and Data Response

1- Rose studied business for her college major and is currently employed as a carpenter for 6 years. She makes wooden toys and tools as a hobby, and sells them to people as a side income. Rose's customers are impressed with her work.

A local toy shop contacts Rose because they want to sell her toys as a trial for a period. The expected number of toys is 100 by October so the peak demand is reached by Christmas. The toys are obviously time consuming to make and since Rose has to start immediate production, she plans to launch her own business. Rose will create the toys from her current equipment in her garage and is uncertain whether to create a business plan before making a decision about accepting the order. The local toy shop will only pay Rose for toys that sell. In December it will pay her for toys that have been sold and return any unsold ones.

- A) Explain 2 reasons why the objectives of a business fluctuate with time. (4)
- B) State 3 financial methods of motivation. (4)
- C) Recommend whether Rose should make a business plan with the time she has to supply the toys till Christmas. (5)
- D) D) Justify your recommendation. (10)
- E) E) Explain 3 benefits of Job production for a business. (4)

2- Non-current assets: Buildings & equipment= 440 000 £

Current assets: Inventories= 70 000 £

Cash= 34 000 £: Total assets= 544 000 £

From the data above, the value of inventories decreased by 20% while others remain the same as mentioned.

- A) Calculate the new total assets figure. [5 Marks]
- B) All businesses should adhere to law, mention 3 biggest setbacks if a business fails to do so. [4 Marks]
- C) State 2 categories of Boston Matrix. [3 Marks]
- D) Explain 3 reasons why customer needs are so important to be identified. [4 Marks]
- E) Explain 3 channels of distribution used by businesses. [4 Marks]

3- Mark Ross is a product designer and he noticed that young people wanted to drink cold water without having to buy plastic bottles. Recently, Mark developed a product he called the REco Bottle with some second-hand equipment. The equipment can only produce small quantities and the unit cost per bottle is high. Mark had to turn down orders with tight deadlines because production is so slow. Mark has also struggled to find a supplier who can provide the materials in the small quantities. He eventually found a supplier, but it was unwilling to negotiate on the price.

When he set up his business, Mark used the Internet to collect secondary market research for his business plan. Mark referred to a market research report from 4 years before. The report did not focus on his target market and he did not recognise the name of the company that had conducted the research. However, it did help him identify sales figures and trends for reusable bottles.

- A) Explain major type of economy scales that might benefit Mark's business as it grows. [8 Marks]
- B) Explain 3 characteristics of growth stage of product life cycle. [4 Marks]
- C) Explain 2 disadvantages of Mark's internet research. [3 Marks]
- D) Explain 3 ways in which health and safety law might hinder the profit of a business. [4 Marks]
- E) Explain 3 ways a business' production of goods and services could be sustainable. [4 Marks]