

Surname	Centre Number	Candidate Number
First name(s)		2



GCE AS

B510U10-1



S24-B510U10-1



FRIDAY, 17 MAY 2024 – MORNING

BUSINESS – AS component 1
Business Opportunities

1 hour

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	19	
2.	14	
3.	17	
Total	50	

B510U101
01

ADDITIONAL MATERIALS

A calculator.

INSTRUCTIONS TO CANDIDATES

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

You may use a pencil for graphs and diagrams only.

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 necessity for good English and orderly presentation in your answers.



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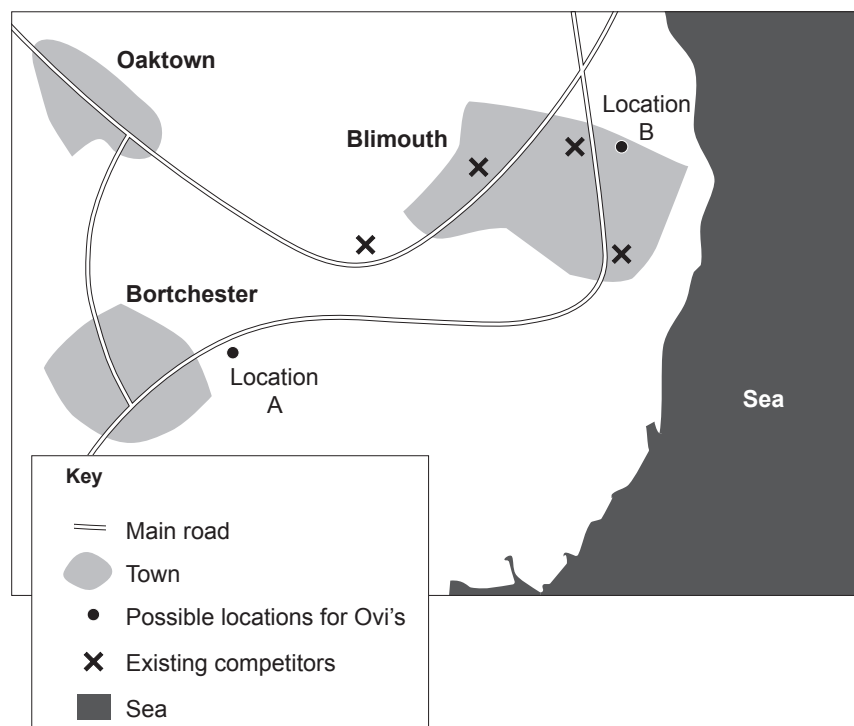
Answer **all** the questions in the spaces provided.

1. Ovi's boat shop and hire business

Paul is seeking to become an entrepreneur by opening a boat shop and hire business called Ovi's. The business will sell and rent out different types of small boats, boating equipment, jet skis and inflatables.

Paul has recently conducted **market research** and has drawn a map of the local area in **Figure 1** below, identifying two possible locations for his business.

Figure 1: Paul's map of the local area



Paul lives in the larger seaside town called Blimouth which depends on tourists during the summer months for the local economy. Bortchester is a wealthier area where residents have higher than average incomes, and more boat owners live. Residents from the smaller town of Oaktown usually travel to the sea via the quieter main road through Bortchester.

Paul is still deciding on his **market segments** and believes Location B would be more suitable for his business.



(a) Define the meaning of the term market research.

[2]

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(b) Identify and describe **two** possible market segments that would be suitable for Ovi's. [4]

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(c) Explain the importance of entrepreneurs to the local economy.

[4]

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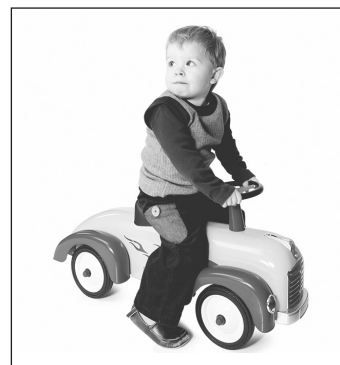
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2. Lottie's ride-on toy cars

Lottie produces ride-on toy cars for children aged 1 to 3 years old in a very competitive market. Lottie operates her business from a small factory where fixed costs are £24 000 per year. Current information about the business is shown below:



Selling price per ride-on car	£40
Variable costs per ride-on car	£28
Current break-even output	2000 ride-on cars per year
Notes	Lottie currently uses high quality plastic and suppliers from the UK

- (a) (i) State the formula for calculating revenue.

[1]

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- (ii) State the formula for calculating profit.

[1]

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- (iii) Over the past year Lottie sold 2280 ride-on cars. Calculate her current level of profit.

[2]

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Lottie believes her current break-even point is too high and is considering implementing one of two ideas below:

Idea 1:

Selling price per ride-on car	£40
Variable costs per ride-on car	£15
Notes	Purchase lower quality plastic from suppliers in Brazil

Idea 2:

Selling price per ride-on car	£48
Variable costs per ride-on car	£28
Notes	To continue using high quality plastic and suppliers from the UK

(b) Calculate the new break-even output if Lottie implemented:

[4]

Idea 1:

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Idea 2:

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14



3. Anvi's eyelashes

Anvi runs an online business selling false eyelashes to customers around the UK. Anvi operates in a very competitive market which is easy to enter. There can be frequent demand and supply changes which affects the price equilibrium.

Like many other UK false eyelash businesses, Anvi purchases stock from producers in China and sells them on for a higher price to her customers. Anvi is aware of potential quality issues that can occur with suppliers from overseas, but is determined to provide adequate consumer protection to her UK customers.

In order to make her business stand out, Anvi designed creative packaging that enabled her to differentiate her eyelashes from her rivals. This has increased the demand for her products and as a result allowed her to charge a higher price, leading to a higher monthly sales revenue.

Anvi currently operates as a sole trader with **unlimited liability**. She is currently deciding whether to change her business's legal structure to a partnership with her friend Zoe.

- (a) Identify **two** reasons why consumers need protection from businesses. [2]

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Anvi's sales revenue for this month has grown by 25% to £1300.

- (b) Calculate her previous month's sales revenue. [1]

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(c) Evaluate the different factors that could affect price equilibrium for Anvi's business. [6]

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(d) Define the meaning of the term unlimited liability. [2]

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17



[illegible]

[illegible]