

Surname	Centre Number	Candidate Number
First name(s)		2



**GCE AS**

B510U10-1



**FRIDAY, 20 MAY 2022 – MORNING**

**BUSINESS – AS component 1**  
**Business Opportunities**

1 hour

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	13	
2.	13	
3.	12	
4.	12	
<b>Total</b>	<b>50</b>	

**ADDITIONAL MATERIALS**

A calculator.

**INSTRUCTIONS TO CANDIDATES**

Use black ink or black ball-point pen.

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 continuation page 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.

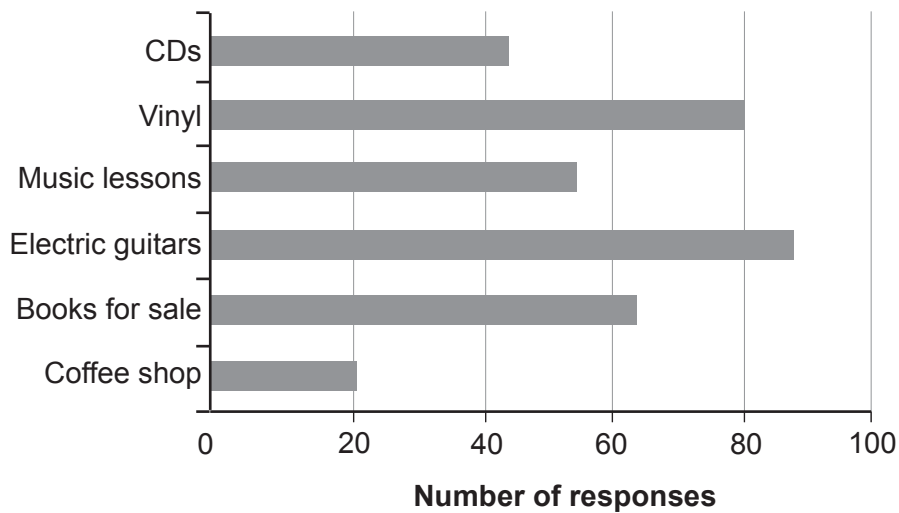
Answer **all** questions.

1. Steve and Chris run an acoustic guitar shop in a busy city centre. In recent months they have been concerned because business performance has been falling. The business operates in a **niche market**. Steve and Chris have come up with a number of new ideas to attract new customers into their shop by offering a variety of new products and services.

After carrying out primary market research on a small sample of their regular customers, they collected the following **quantitative data**:

**Figure 1** Primary market research

**Ideas for new products and services**



Steve and Chris also carried out some secondary market research and found the following data:

**Table 1** Secondary market research

<b>Market growth in the UK 2019 to 2021</b>	
CDs	30% Decrease
Vinyl	45% Increase
Books	25% Decrease
Coffee shops	60% Increase
Electric guitars	29% Increase



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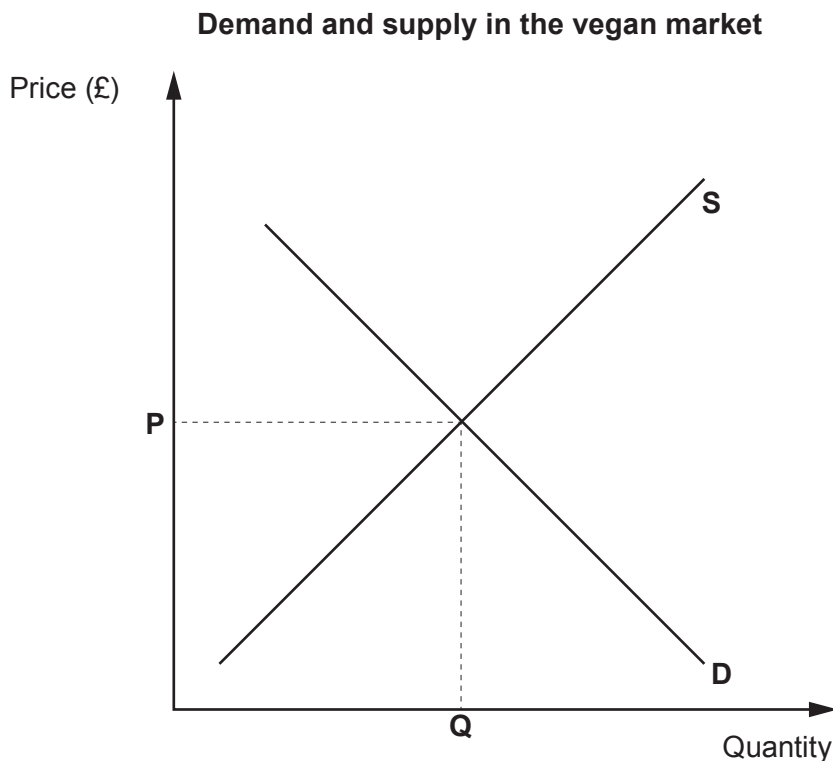
## 2. Increased popularity of the vegan diet

Professional footballer Chris Smalling says his strength and power have increased following his switch to a vegan diet. He has stopped eating meat, fish, eggs and dairy products, such as milk and yoghurt. He insists his body recovers much quicker since cutting out animal products from his diet and says, "I'm feeling a lot of physical benefits from just eating vegan foods, though they tend to be more expensive." Smalling is not the only professional sportsperson who has switched to a vegan diet. Former women's footballer Karen Carney, tennis star Venus Williams, Formula 1 driver Lewis Hamilton and Cruiserweight boxer Lawrence Okolie have all made the change.

Adapted from [www.today.ng/sport/football/chris-smalling-turned-vegan-194108](http://www.today.ng/sport/football/chris-smalling-turned-vegan-194108)

Statistics show that in recent years there has been a large rise in veganism in the UK. Some people have changed to a vegan diet because they believe that the meat and dairy industries are cruel because of the way that they treat animals. Others believe that the meat and dairy industries have a negative impact on the environment. Studies show that a vegan diet requires about a third of the land needed for meat diets. An increase in the demand for vegan foods has meant that retailers such as Tesco and Waitrose have increased their supply of vegan foods. Greggs now sells vegan sausage rolls and Domino's now offers their customers a vegan pizza.

- (a) (i) Adapt and label the demand and supply diagram below to illustrate a change in demand and supply in the vegan market. [2]





**3. What motivates people to choose entrepreneurship?**

The **motives** for starting up a new business and the rewards this may bring are different for everybody. Entrepreneurs take major financial risks and work long hours trying to break even whilst establishing their businesses.

- (a) Explain **two** motives that encourage individuals to become entrepreneurs. [4]

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The business plan is often considered a very important document for entrepreneurs. However, many successful businesses were established without a written business plan.

- (b) Consider the view that the creation of a business plan is a waste of time and resources for entrepreneurs. [8]

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4. Kim runs a small garden furniture enterprise from a workshop situated at the back of her home. Because her business is located at home her **fixed costs** per week are only £95. Kim makes wooden garden benches for garden centres in the area where she lives. She has built up an excellent reputation and only has to work three days a week to earn a reasonable living.

Kim has recently received orders from three different garden centres wanting her wooden garden benches, but they want orders to be delivered in a week's time on the same date. She has decided that she has the time to fulfil only one of the orders and is using **contribution** to help her choose the best option. Kim has started completing **Table 2** to help her decide which order would be the best option to choose.

- (a) Outline the difference between fixed costs and variable costs. [2]

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**Table 2**

Garden Centre Order	Number of Benches	Price per Bench £	Total Revenue £	Total Variable Costs £	Total Contribution per Order £	Break Even Output
1	10	100	1000	450	(i)	1.73
2	12	160	(ii)	780	1140	(iv)
3	9	180	1620	(iii)	855	1

- (b) Complete the information in **Table 2** by calculating:

- (i) Total contribution for Order 1 [2]

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(ii) Total revenue for Order 2

[1]

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(iii) Total variable costs for Order 3

[1]

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(iv) Break even output for Order 2

[2]

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(c) Using the data, advise Kim on which order would be the best option.

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**END OF PAPER**

12

