GradeMax

Write your name here

Surname	Other names

Pearson Edexcel
International Advanced Level

Centre Number | | | | | |

Candidate Number | | | | |

Business Studies

International Advanced Subsidiary
Unit 1: Business Enterprise

Thursday 18 May 2017 - Afternoon
Time: 1 hour 30 minutes

Paper Reference
WBS01/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions in Section A and Section B.
- Answer the questions in the spaces provided
  – *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
  – *use this as a guide as to how much time to spend on each question.*
- In your responses, you should take particular care with punctuation and grammar, as well as the clarity of your expression.
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ▶

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SECTION A

Answer ALL questions in this section.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may annotate and include diagrams in your answers.

1 Gautam Lulla started his business, *Travel Tripper*, which allows customers to book hotel rooms online. He knew many competitors already existed.

(a) Which **one** of the following entrepreneurial characteristics **best** describes Gautam Lulla?

(1)

A Computer literate

B Social entrepreneur

C Profit maximiser

D Risk taker

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 1 = 4 marks)

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2 The UK Office for National Statistics publishes a report showing the amount of building materials used each year.

(a) For a building company, this report is **best** described as a source of

(1)

A primary research data

B secondary research data

C demographic data

D qualitative data

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 2 = 4 marks)

3 *A Month of Sundaes* is a café in Yorkshire that manufactures its own traditional ice cream. It has a number of fixed and variable costs.

(a) Which **one** of the following is a variable cost for the café?

(1)

A Manager's salary

B Café rent

C Insurance

D Raw materials

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 3 = 4 marks)

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4 *Paws for Thought*, a profitable dog-grooming business, is owned by Jenny, a sole trader.

(a) Jenny is **most** likely to use her profit to pay

(1)

A shareholders

B utility bills

C for expansion

D staff wages

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 4 = 4 marks)

5 A private investor is willing to lend £1.2m to *Tata Power*, a large multinational corporation.

(a) What is the **most** appropriate financial arrangement for the investor?

(1)

A Debenture

B Trade credit

C Venture capital

D Leasing agreement

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 5 = 4 marks)

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6 The UK inflation rate increased in the three months up to February 2016.

(a) Which **one** of the following is **most** likely to be the effect on *Tyneside Safety Glass*, a UK manufacturing business?

(1)

A Increase in costs of supplies

B Increase in export orders

C Increase in investment

D Increase in business confidence

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 6 = 4 marks)

TOTAL FOR SECTION A = 24 MARKS

SECTION B

Answer ALL questions in this section.

You should spend 60 minutes on this section.

Evidence A: *bio-bean ltd*



Arthur Kay, a social entrepreneur, is the co-founder of energy start-up *bio-bean ltd*, which is one of those innovative and obviously brilliant business ideas that leaves you asking "Why didn't I think of that?" Arthur thought of the business idea after designing a coffee roasting machine whilst at university studying architecture. He researched how coffee waste could be used for power to heat the building.

bio-bean ltd collects used coffee grounds from London's wholesale producers and coffee shops (Londoners produce over 200,000 tonnes of coffee waste each year), converts it into biodiesel and biomass pellets and then sells it on to transport and heating industries.

The business was launched after Arthur won £275 000 in funding from The Pitch 2013, an enterprise challenge competition.

To date, *bio-bean ltd* has received financial backing from several private investors and won numerous financial awards including:

- €500 000 to expand the business from the Postcode Lottery Green Challenge 2014
- £20 000 from *Santander* Universities Entrepreneurship Competition
- $100 000 from innovation investor *Founder.org*
- £40 000 from *Shell Oil*.

In addition to growing the business, Arthur aims to be a pioneer for the environment. As well as diverting vast tonnes of coffee waste from landfill sites, his start-up has saved the equivalent of 729,600 tonnes of CO_2 and 53,200 barrels of oil. Arthur launched the social enterprise business to counteract the rising waste collections and disposal problems, and the need for cleaner, affordable energy.

The environment remains at the forefront of Arthur and *bio-bean ltd*'s future plans with an ultimate ambition to "introduce the idea of waste as a resource to a wider market and kick-start the circular economy here in the UK."

(Source: adapted from Young Entrepreneurs: Arthur Kay, Bio-Bean © startups.co.uk)

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Evidence B: Catching up with Arthur Kay, The Pitch 2013 champion



(Source: © bio-bean limited)

Why do you think you won The Pitch 2013?

We are a young, enthusiastic team who really believe in what we are doing. We had to clearly express this to the judges of The Pitch and convince them that our idea has the potential to make a real difference: both to London's green economy and on a more global, environmental scale.

We have proposed a business solution that addresses the huge amount of waste produced and carbon emissions from fuel. Both are problems that have really come into the public view in the last few years.

What are your plans for the future?

Our main aim is to set up *bio-bean* in London as a fully functioning social enterprise. We hope to expand the business to operate in other big cities, particularly in Northern Europe and the US.

We have obtained EU and US patents because they are the two biggest markets for renewable energy and have the highest per capita consumption of coffee in the world.

(Source: adapted from Catching up with The Pitch class of 2013: Arthur Kay, Bio Bean © BusinessZone.co.uk)

Evidence C: Ellen MacArthur Foundation

The Ellen MacArthur Foundation works in education, business innovation and analysis to accelerate the worldwide move towards a circular economy.

Circular Economy Overview

Today's 'take, make and dispose' economic model relies on large quantities of cheap, easily accessible materials and energy. It is a model that is reaching its physical limits. A circular economy is an attractive and viable alternative that businesses have already started exploring today.

The concept of a circular economy

A circular economy aims to keep products, components, and materials out of waste disposal and recycle as many times as possible to extract maximum usage and value.

(Source: adapted from Circular Economy Overview © 2015 Ellen MacArthur Foundation)

7 Explain **two** benefits to Arthur Kay of *bio-bean ltd* being a private limited company.

(Total for Question 7 = 6 marks)

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8 (a) Explain **two** non-price factors that could increase the demand for *bio-bean ltd*'s services.

(6)

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(b) Explain **two** reasons why *bio-bean ltd* would want to obtain patents.

(6)

(Total for Question 8 = 12 marks)

9 Projected sales and costs figures for *bio-bean ltd*'s next annual accounts are as follows:

- Expenses £270 200
- Cost of Goods Sold £140 000
- Revenues £650 000

(a) Calculate, to 2 decimal places, *bio-bean ltd*'s projected profit for the year margin. (Show your working.)

(4)

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(b) Assess the likely impact of *bio-bean ltd*'s trading operations on **two** stakeholders.

(8)

(Total for Question 9 = 12 marks)

10 Assess the likely importance to Arthur Kay of making a profit from running *bio-bean ltd*.

(12)

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(Total for Question 10 = 12 marks)

11 Evaluate the extent to which *bio-bean ltd* contributes to a circular economy.

(14)

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(Total for Question 11 = 14 marks)

TOTAL FOR SECTION B = 56 MARKS
TOTAL FOR PAPER = 80 MARKS

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