GradeMax

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Pearson Edexcel
International
Advanced Level

Centre Number | | | | | |

Candidate Number | | | | |

Business Studies

International Advanced Subsidiary
Unit 1: Business Enterprise

Tuesday 10 October 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.*
- You should take care in your responses with your punctuation and grammar, as well as the clarity of 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 the 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 (a) Ben Cohen and Jerry Greenfield originally set up *Ben and Jerry's Ice Cream* business as a partnership.

Which **one** of the following is the **main advantage** of a business partnership?

(1)

A Shared ownership

B Limited liability

C Ability to sell shares

D Unlimited liability

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 1 = 4 marks)

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2 (a) *McCormick* is a multinational company producing food products and spices. It regularly carries out test marketing on its new ranges of foods and drinks.

What is the **main** reason for a business to carry out test marketing?

(1)

A Guarantee sales

B Reduce margin of safety

C Gather secondary research

D Assess likely levels of demand

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 2 = 4 marks)

3 (a) *Nocturne* has been creating hand-made lamps from hardwood, marble, stone and metal for five years.

Which **one** of the following would be the **most suitable** source of finance for its purchase of raw materials?

(1)

A Debenture

B Trade credit

C Share issue

D Bank loan

Answer ☐

(b) Explain why this answer is correct.

(3)

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(Total for Question 3 = 4 marks)

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4 (a) *Dream Bridal Wear* is one of the UK's largest retailers of bridal gowns, bridesmaid dresses and mother of the bride outfits.

Which **one** of the following is the **main** market segment that *Dream Bridal Wear* is targeting?

(1)

A Age

B Gender

C Income

D Occupation

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 4 = 4 marks)

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5 (a) *J Barbour & Sons* supplies clothing to a wide range of retailers.

- Break-even output per month = 350 units
- Monthly sales revenue = £100 000
- Unit selling price = £250

Which **one** of the following is the monthly margin of safety for *J Barbour & Sons*?

(1)

A 25

B 40

C 50

D 75

Answer ☐

(b) Explain why this answer is correct. (Show your working.)

(3)

(Total for Question 5 = 4 marks)

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6 (a) By 2025, the population of people in Japan aged 65 or over is expected to increase to 36%. *Siemens* has decided to increase its output of the hearing aids it produces in Japan.

Which **one** of the following influences is **most likely** to have caused this decision?

(1)

A Ethical

B Environmental

C Demographic

D Legal

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 – Nina Devani, *DevaniSoft*

Meet the 16-year-old schoolgirl juggling a tech start-up with AS levels.



Challenging the traditional entrepreneurial stereotype, Nina Devani is the teenager who founded her business *DevaniSoft* aged just 14.

Specialising in computer security software, Nina launched the company's first app 'Prompt Me Nina' after her father's Facebook account was hacked. Having had trouble remembering his different passwords, Nina came up with a solution.

She designed an app to prompt you on both usernames and passwords without having to give away your actual passwords.

Nina raised £10 000 from a venture capitalist to start the business and says the company has been "profitable since its launch" but it's her get-up-and-go attitude that commands praise. The teenage entrepreneur says business has been her "passion" since she was really young and believes "in making things happen rather than dreaming about them".

However, Nina states that starting a business at such a young age hasn't always been easy; "It takes hard work and perseverance to make those dreams into a reality".

With five employees and an additional 10 consultants working for her, Nina appears to have the business ability that will see her go far. She is currently working on new products to launch later this year and she hopes these will be a huge success. She plans to expand her skills set in the future by studying economics at university.

Shortlisted for the *NatWest* Everywoman Awards 2014, the awards' youngest ever finalist, Nina points out that being a young entrepreneur has meant "less people take you seriously" but still advises others to follow in her footsteps: "It really sets you on the right path for the future and seeing your ideas turn into a reality develops a really strong sense of independence and satisfaction."

Whether or not Nina will become a millionaire from *DevaniSoft* is uncertain but with so much focus, ambition and determination, we certainly think Nina Devani is a name we'll be hearing more of.

(Source: adapted from @ startups.co.uk)

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Evidence B – Products launched so far

Applications launched by *DevaniSoft* so far include Prompt Me Nina™ and Prompt Me Now™. Prompt Me Nina™ is a consumer password reminder service for online shoppers and Prompt Me Now™ is for business users. These apps are only available from devanisoft.com. 5



Prompt Me Nina™

Prompt Me Nina is our consumer password reminder application, available on Android and Windows phones. Our password reminder can 'Prompt' you manually or automatically on any website. 10

(Source: adapted from © Devanisoft.com)

Evidence C – *DevaniSoft* – Next Steps

Following the success of her consumer and desktop applications called 'Prompt Me Nina' and 'Prompt Me Now' Nina is currently working on a secure solution for the banking industry.

'Prompt Me Now' is proving a winner in the business security market with new clients signing up every day. *DevaniSoft* is clearly more successful than hundreds of other app designer companies. 5

Strong sales, low production costs and high profit margins mean *DevaniSoft* is attracting attention from Silicon Valley companies in the US. Nina, winner of the 2013 Safer Internet Youth Achievement Award (in association with *Microsoft*), states Nick D'Aloisio is her inspiration. Aged just 18, D'Aloisio sold his company *Summly* to *Yahoo* for a reported $30m. 10

(Source: adapted from © 2017 Women's Business Council)

7 Explain **two** entrepreneurial characteristics demonstrated by Nina Devani when starting *DevaniSoft*.

(Total for Question 7 = 6 marks)

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8 (a) Explain **two** reasons why Nina may have had to use a venture capitalist to raise £10 000 to fund her start-up of *DevaniSoft*.

(6)

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(b) Analyse **two** ways ICT can be used to help *DevaniSoft* carry out market research.

(6)

(Total for Question 8 = 12 marks)

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9 (a) Last year *DevaniSoft*'s revenue was £141 600 with a gross profit of £117 600.

Using these figures, calculate, to 2 decimal places, the gross profit margin for *DevaniSoft*. (Show your working.)

(4)

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(b) Nina is currently working on a secure solution for the banking industry. This will be a new app and her third product.

Assess whether penetration pricing is the most suitable pricing strategy to use when launching this new app.

(8)

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(Total for Question 9 = 12 marks)

10 Evaluate the extent to which *DevaniSoft* is a product orientated business.

(12)

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(Total for Question 10 = 12 marks)

11 Evaluate the impact of e-commerce on *DevaniSoft*.

(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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