

Surname	Centre Number	Candidate Number
First name(s)		2



GCE A LEVEL

A510U10-1



TUESDAY, 14 MAY 2024 – MORNING

BUSINESS – A level component 1
Business Opportunities and Functions

2 hours 15 minutes

Section A	For Examiner’s use only			
	Question	Maximum Mark	Mark Awarded	
	1.	4		
	2.	14		
	3.	16		
	Section B	4.	4	
		5.	16	
		6.	12	
		7.	14	
Total		80		

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. Additional space is provided for some questions within the booklet (if required).

If further space is required for any question, you should use the additional page(s) at the end of this booklet. The question number(s) should be clearly shown.

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.



JUN24A510U10101

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

SECTION A

1. The 'Big Four'

Tesco, Sainsbury's, Asda and Morrisons are known as the 'Big Four' supermarkets in the UK due to their large market share. The table below shows the market share of UK supermarkets in 2011 and 2021.

Supermarket	Market Share (%) 2011	Market Share (%) 2021
Tesco	31.3	27.1
Sainsbury's	16.3	15.2
Asda	16.7	14.1
Morrisons	12.2	10.1
Aldi	2.4	
Co-op	7	6.3
Lidl	2.5	6.1
Waitrose	4.4	5
Iceland	1.9	2.3
Other	5.3	5.6

Source: Grocery Market Share – Kantar (kantarworldpanel.com)

- (a) Calculate the increase in Aldi's market share between 2011 and 2021. [2]

.....

.....

.....

.....

- (b) With reference to the data in the table, describe the changes in the market share of the 'Big Four'. [2]

.....

.....

.....

.....



2. The Clean Kilo

The Clean Kilo opened in 2018 as a zero-waste supermarket located in Birmingham. The Clean Kilo buys its products in bulk and sells them without packaging. Customers, who are mainly loyal customers from the local community, bring their own containers and can select from a large range of products including fresh fruits and vegetables, frozen foods, nuts, chocolate, toiletries and coffee.

Its owners, Jeanette and Tom, are conscious about their customers' budget, which is why the cost savings from buying products in bulk are passed on to customers as lower prices. Customers have flexibility to choose the quantity or weight of each product they buy, according to their need and budget. Jeanette and Tom are excited to be part of the zero-waste market.

The Clean Kilo provides workshops to demonstrate how to live in a more waste-free way and encourages customers to speak to its employees about the products. The business also allows customers to interact with the products they buy, such as by grinding coffee beans and making peanut butter. The Clean Kilo acts quickly on customer feedback by adding to its product range following suggestions from customers.

(a) Define the term market.

[2]

.....

.....

.....

.....

(b) Outline **two** possible reasons why The Clean Kilo, as a small business, can survive. [4]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



(c) Evaluate the impact of SMEs on the UK economy.

[8]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Additional space for Question 2(c) only.

.....

.....

.....

.....

.....

.....

.....



3. The Great Escape

The Great Escape operates from locations in Edinburgh, London and Liverpool from which it provides a range of group experiences. These include axe throwing, murder mystery games and escape rooms (a game in which a team of players are challenged to solve puzzles and complete tasks in order to exit a room). The Great Escape is planning to open another outlet and has narrowed its choice down to two potential locations. The table below contains extracts of information relating to each location.

	Location A	Location B
Target market	mainly students, families and friends	mainly businesses
Geographical location	city centre	rural, with good access from a main motorway
Total fixed costs	£5000 per month	£4000 per month
Break-even point (number of total group experiences per month)	200	
Average price per group experience	£60	£70
Average variable cost per group experience	£35	£30
Expected total number of group experiences to be sold each month	275	150

(a) Calculate the contribution per unit for Location A.

[2]

.....

.....

.....

.....

(b) Calculate the break-even point for Location B.

[2]

.....

.....

.....

.....





Additional space for Question 3(d) only.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



SECTION B**4. Adding Value for Butterfingers**

Shanice owns Butterfingers, a shop that sells a variety of sandwiches. Shanice recently introduced a selection of drinks and crisps to attract more customers as a response to increased competition. Butterfingers' main customers are workers in the local area who buy breakfast and lunch.

The table below shows selected financial information about Butterfingers.

Total revenue per month	£6000
Total variable costs per month	£3300
Total fixed costs per month for the shop	£4000
Total number of sandwiches sold per month	2000

- (a) Calculate the added value for each sandwich.

[2]

.....

.....

.....

.....

- (b) Apart from reducing unit costs, explain **one** way that Shanice could increase the added value of the products she sells at Butterfingers.

[2]

.....

.....

.....

.....



BLANK PAGE

**PLEASE DO NOT WRITE
ON THIS PAGE**



5. It's A Dog's Life

Dog Den manufactures toys, food and beds for dogs of all sizes and breeds. It sells to local and national retailers, as well as direct to the public through its website. Dog Den is aiming to develop its brand, especially as it has faced intense competition from bigger businesses. Dog Den is planning to use a combination of above the line promotion and below the line promotion to raise awareness of its brand and its products.

Dog Den manufactures and sells over 150 products. It has been difficult for the managers to effectively monitor the performance of each of these products and to make decisions about them for the future of the business. To help with this, Dog Den's marketing manager has suggested that the management team use the Boston matrix.

One of Dog Den's products, the Squeaky Squawker, has recently been removed from sale, without first having tried an extension strategy. The table below shows the sales revenue for the Squeaky Squawker over the 8-year period it was on sale.

Table 1: Sales revenue for the Squeaky Squawker from 2016–2023

Year	Year since launch	Sales revenue (£)
2016	1	1000
2017	2	2000
2018	3	7000
2019	4	8000
2020	5	10 000
2021	6	10 000
2022	7	10 000
2023	8	6000

(a) Define the term brand.

[2]

.....

.....

.....

.....



- (b) Outline, with the use of an example, what is meant by above the line promotion. [2]

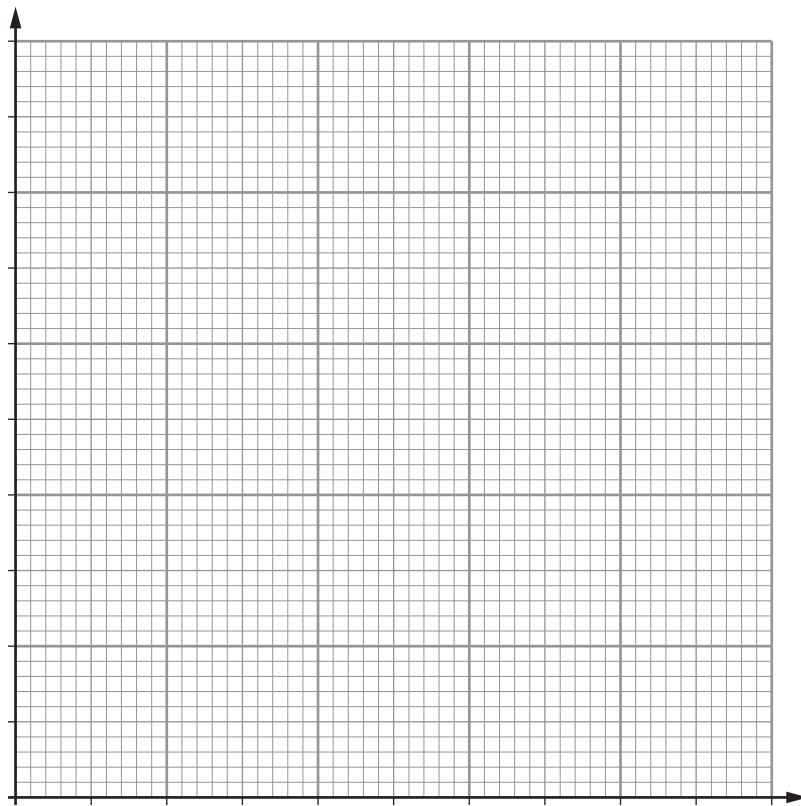
.....

.....

.....

.....

- (c) Using the information in **Table 1**, construct a fully labelled product life cycle diagram for the Squeaky Squawker on the axis below. [4]



(d) Evaluate the usefulness of the Boston matrix to a business.

[8]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Additional space for Question 5(d) only.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



6. A Cash-drive at DTN Ltd

DTN Ltd is an established logistics company that transports goods for other businesses around the UK. At the last board meeting the finance director presented a cash flow forecast for December 2024 with a predicted cash shortage of £80 000. In addition, one of DTN Ltd's largest customers informed the business of its inability to pay its debts on time and has requested more time to pay.

The directors are considering two options to improve the cash flow position: the sale of assets or debt factoring. Shareholders have already voted against issuing further share capital and the directors are reluctant to take out further loans.

DTN Ltd provides its customers with 60 days trade credit, which is double the amount of time its closest competitors provide. DTN Ltd has contacted a debt factoring company which has agreed to purchase up to £100 000 of the debts due in January 2025 and make payment in cash in respect of this debt of 85% by December 2024.

DTN Ltd owns 30 vehicles used for transporting goods. In the last year, vehicle usage has operated at around 60% capacity utilisation. DTN Ltd is considering selling 8 of its oldest vehicles, which have a combined net book value of £90 000.

DTN Ltd is planning to expand its operations into Europe in the next two years, but the short-term priority of the directors is to ensure the business forecasts a positive closing balance in December 2024.

(a) Define the term cash flow forecast.

[2]

.....

.....

.....

.....





Additional space for Question 6(b) only.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



7. The Water Can

The Water Can is a garden centre with a café. It employs 15 people who work either full time or part time in a range of roles including: cashier, cook, café assistant, garden centre assistant, stock control assistant and administrator.

As well as the owner, a manager and a deputy manager, there is also a team leader in both the garden centre and in the café. There is currently no opportunity for employees to meet, apart from a daily 10-minute team briefing led by either the team leader or the deputy manager. Employees work the same days and times each week, according to the schedule organised by the manager.

Employees are recruited for a specific position at The Water Can and their tasks rarely change from day to day. The owner manages the recruitment of employees and handles all matters relating to human resources, including their duties as an employer.

The manager of The Water Can has received feedback from some employees that they are dissatisfied with their working conditions and experience boredom with their job. In response to this the manager is planning to introduce non-financial methods of motivation.

- (a) Identify **two** duties of employers regarding employees' rights at work. [2]

.....

.....

.....

.....

- (b) Describe **two** methods of non-financial motivation that the owner could introduce at The Water Can. [4]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....





END OF PAPER



[illegible]

[illegible]