

Write your name here

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Other names

**Pearson**  
**Edexcel GCSE**

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# Business Studies

## Unit 3: Building a Business

Wednesday 6 June 2018 – Afternoon

**Time: 1 hour 30 minutes**

Paper Reference

**5BS03/01**

**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.
- Answer the questions in the spaces provided – *there may be more space than you need.*

### Information

- The total mark for this paper is 90.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (\*) are ones where the quality of your written communication will be assessed – *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- A calculator 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. You should spend 40 minutes on this section.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

1 Figure 1 shows a diagram of the Boston Matrix.

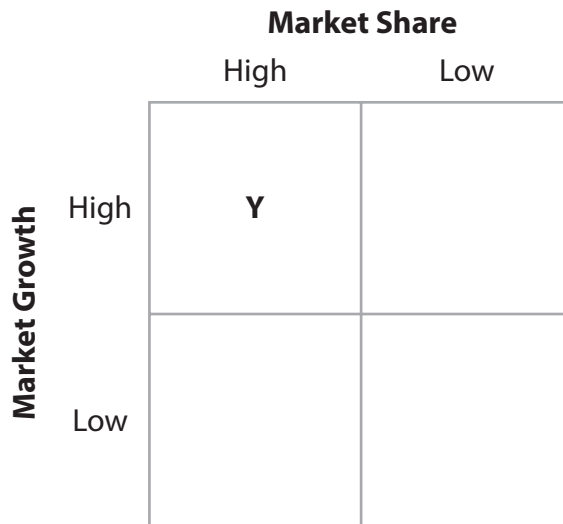


Figure 1

(a) Which element of the Boston Matrix is represented by box Y?

Select **one** answer.

(1)

- A Cash cow
- B Dog
- C Problem child/question mark
- D Star

(b) Identify **two** stages of the product life cycle.

(2)

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(c) Outline **one** disadvantage to a business of conducting market research.

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(d) Explain **one** benefit to a business of using Just In Time (JIT) stock control.

(3)

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**(Total for Question 1 = 8 marks)**





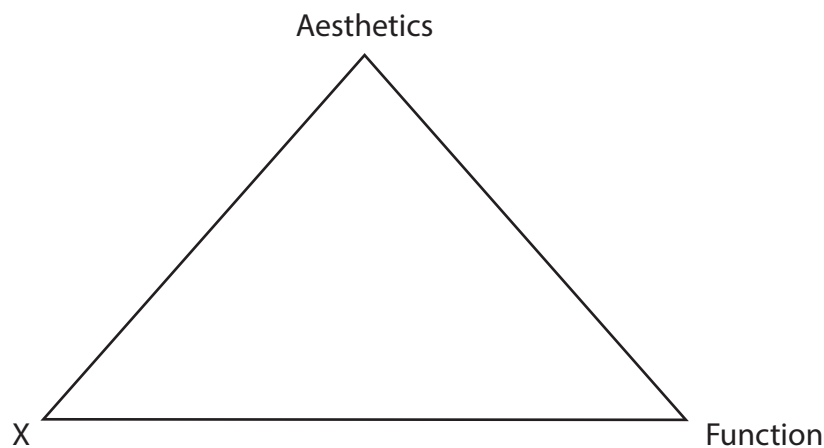
Think.Inspire.Create.

*Tinc Ltd* is a retailer of funky stationery, gifts and gadgets and was set up in 2011. It now produces and retails over 450 products, such as unusual erasers and perfumed pencils. Initially, *Tinc* only sold these products through its own website. However, it has since opened up 25 shops across England and Wales.

The company's name comes from a combination of the words 'Think, Inspire and Create'. *Tinc* wants to sell unusual types of stationery compared to established retailers such as *WHSmith*.

(Source: adapted from <http://startups.co.uk/startups-awards/product-business-of-the-year-finalist-2013-tinc/>)

In order to produce its funky stationery, *Tinc* considered the design mix. This is shown in Figure 2.



**Figure 2**

(a) Which part of the design mix is represented by the letter X?

Select **one** answer.

(1)

- A** Cost
- B** Price
- C** Profit
- D** Quality



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(b) State **three** methods *Tinc* could use to differentiate its products from those of its competitors.

(3)

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(c) Explain **one** benefit to *Tinc* from continuing to sell its products through its own website.

(3)

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(d) Explain **one** method *Tinc* could use to encourage repeat purchase of its products.

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**(Total for Question 2 = 10 marks)**

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*Wagamama Ltd* is a Japanese-inspired restaurant group well known for its noodle dishes and katsu curries. During 2015, *Wagamama* increased its revenues to £193m and made a profit of £30.3m.

*Wagamama's* chief executive believes that diners are attracted to its restaurants because of its lively open kitchens, which involve chefs flipping food in flaming woks. *Wagamama* plans to open 45 new restaurants in the UK during 2016.

(Source: adapted from <http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/leisure/11759122/Wok-tossing-Wagamama-sales-rise-as-it-downplays-float-talk>)

- (a) *Wagamama* has lively open kitchens where chefs flip food in flaming woks. This is likely to be a source of:

Select **one** answer.

(1)

- A** competitive pricing
- B** promotion
- C** quality assurance
- D** quality control

During the preparation of food, *Wagamama's* chefs have to follow health and safety regulations.

- (b) Outline **one** impact that health and safety regulations may have on *Wagamama*.

(2)

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(c) Explain **one** drawback to *Wagamama* of using profit as a source of finance for expansion.

(3)

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In 2016 *Wagamama* launched an iOrder app. This allows customers in the restaurant to place orders and pay their bills using mobile phones.

(d) Describe how the iOrder app could improve productivity at *Wagamama*.

(4)

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**(Total for Question 3 = 10 marks)**



4



The *Yorkshire Crisp Company Ltd* is a regional potato crisp manufacturer based in Rotherham, South Yorkshire. It packages its crisps in tubs. Rivals such as *Walkers* and *Golden Wonder* use packets.

The *Yorkshire Crisp Company's* first large order came when its sales team won a contract to supply 17 *Sainsbury's* supermarkets across Yorkshire.

(Source: adapted from [http://www.yorkshirelife.co.uk/food-drink/its\\_crunch\\_time\\_for\\_yorkshire\\_crisp\\_lovers\\_1\\_1633226](http://www.yorkshirelife.co.uk/food-drink/its_crunch_time_for_yorkshire_crisp_lovers_1_1633226))

(a) Identify **one** method the *Yorkshire Crisp Company* could use to improve its cash flow.

Select **one** answer.

(1)

- A Allow *Sainsbury's* to pay later
- B Pay potato farmers earlier
- C Purchase new machinery
- D Reduce its stocks of potatoes

(b) Outline **one** method the *Yorkshire Crisp Company* could use to motivate its sales team.

(2)

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(c) Explain **one** advantage to the *Yorkshire Crisp Company* of using tubs to package its crisps.

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**SECTION B**

**Answer ALL the questions.**

**You should spend 30 minutes on this section.**

**Read the following passage carefully and then answer questions 5 and 6.**

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**5** (a) What is meant by the term **variable costs**?

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(b) Identify **one** drawback to the *Cornish Cheese Company* of producing a high-quality product.

(1)

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(c) Explain **one** advantage to the *Cornish Cheese Company* of using its own milk.

(3)

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(d) State **one** possible benefit and **one** possible drawback to the environment if the *Cornish Cheese Company* builds the proposed wind turbine. For each, explain the likely effect on the environment.

(8)

Benefit

Explanation

Drawback

Explanation

(Total for Question 5 = 14 marks)





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P 5 5 2 4 0 A 0 1 7 2 8

6 Figure 3 shows the weekly break-even diagram for the *Cornish Cheese Company*.

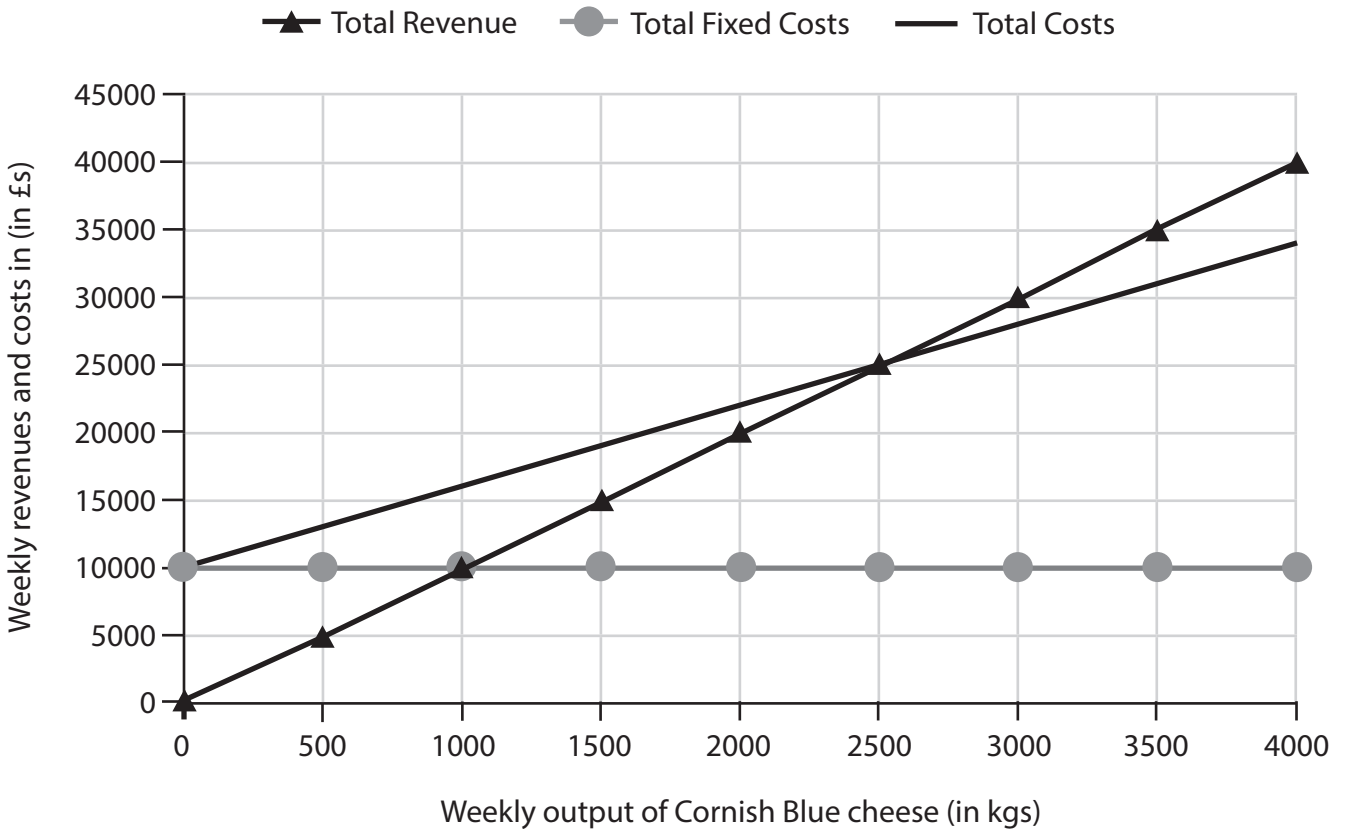


Figure 3

(a) What is meant by the term **break-even point**?

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The *Cornish Cheese Company* produces 4,000 kgs of Cornish Blue per week.

- (b) (i) Using Figure 3, calculate the weekly margin of safety. Show your workings and the formula used.

(3)

The *Cornish Cheese Company* has weekly fixed costs of £10 000. It sells Cornish Blue at a price of £10 per kg. The variable cost of producing Cornish Blue is £6 per kg.

- (ii) Calculate the weekly profit the *Cornish Cheese Company* would make if it produced and sold 4,000 kgs of Cornish Blue per week. Show your workings and the formula used.

(3)



\* (c) Assess the impact on the *Cornish Cheese Company* from using debt as a source of finance for expansion.

(8)

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(Total for Question 6 = 16 marks)

**TOTAL FOR SECTION B = 30 MARKS**

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## SECTION C

Answer ALL questions. You should spend 20 minutes on this section.

Read the following passage carefully and then answer questions 7 to 10.

# TESCO



In 2016 UK supermarket group *Tesco* was losing customers to rival supermarket groups *Lidl* and *Aldi*. In order to try and keep its customers, *Tesco* decided to rebrand its value range of products using a variety of 'British sounding' fake farm names. For instance, value beef products are now sold using the 'Boswell Farms' brand name and value vegetables are marketed using the 'Redmere Farms' brand name. Several pressure groups described *Tesco's* branding change as misleading and unethical since most of *Tesco's* farm produce is imported from outside of the UK. However, *Tesco* argued that it had done nothing illegal and was simply copying *Aldi* and *Lidl's* marketing practices.

In 2015, *Tesco's* sales fell by 3% leading to a record loss of £6.4bn. In April 2016 *Tesco's* costs are expected to rise due to the increase in the National Minimum Wage from £6.70 to £7.20 per hour for all workers above the age of 25. The company employs 472,000 workers in the UK.

(Source: <http://www.thetimes.co.uk/tto/environment/article4721013.ece>,  
<https://www.gov.uk/national-minimum-wage-rates> and [http://www.tescopl.com/files/pdf/reports/ar15/download\\_annual\\_report](http://www.tescopl.com/files/pdf/reports/ar15/download_annual_report))

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7 What is meant by the term **ethics**?

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**(Total for Question 7 = 2 marks)**

8 Outline **one** impact pressure groups may have on *Tesco*.

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**(Total for Question 8 = 2 marks)**



**\*9** Discuss the likely effects of the increase in the National Minimum Wage on *Tesco*.

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**(Total for Question 9 = 6 marks)**





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**\*10** Using your knowledge of business, assess the likely impact on *Tesco's* competitiveness of the introduction of its new farm brands.

(10)

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**(Total for Question 10 = 10 marks)**

**TOTAL FOR SECTION C = 20 MARKS**

**TOTAL FOR PAPER = 90 MARKS**



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