

Surname	Centre Number	Candidate Number
Other Names		2



GCE AS/A level

1081/01



S15-1081-01

BUSINESS STUDIES – BS1

A.M. MONDAY, 18 May 2015

1 hour 15 minutes

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.(a)	4	
1.(b)	4	
2.(a)(i)	3	
2.(a)(ii)	5	
2.(b)(i)	3	
2.(b)(ii)	6	
2.(c)(i)	3	
2.(c)(ii)	7	
3.	6	
4.	9	
Total	50	

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen. Do not use pencil or gel pen. Do not use correction fluid.

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 question-and-answer booklet.

If you run out of space, use the continuation pages at the back of the booklet, taking care to number the question(s) correctly.

INFORMATION FOR CANDIDATES

Mark allocations are shown in brackets.

You are reminded that assessment will take into account the quality of written communication used in answers that involve extended writing (question 4).



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Answer all the questions in the spaces provided.

1. Welsh councils' budgets announced

Council spending fell from £4.648bn in 2013 to £4.466bn in 2014. This is the total amount of cash available to councils around Wales to pay for services such as refuse collections, libraries, leisure centres, street lighting and public toilets. This resulted in cuts in the provision of both **public goods** and **merit goods**.

Source: BBC News, Wales Politics 18 October 2013

(a) With the use of examples, briefly explain the meaning of the terms: [4]

(i) *public goods*

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(ii) *merit goods*

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(b) How might these cuts in services impact on local communities across Wales? [4]

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2.



Iceland Foods Ltd is one of Britain's fastest-growing and most innovative retailers and is recognised as one of the best companies to work for. In June 2012, Iceland acquired its supplier Loxton Foods Limited (renamed Iceland Manufacturing Limited in April 2013) to help the company develop new products more quickly and secure the benefits of **vertical integration**.

The introduction of a new 'Posh Grub' range is an example of how it is **segmenting the market** and appealing to customers who may not have considered shopping at Iceland in the past.

The company has achieved considerable success in recent years. It employs a combination of modern **batch** and **flow production** methods to produce many of its products, introducing 400 new lines in 2012.

Adapted: The Iceland Story-Iceland.co.uk 2013

(a) (i) Explain, with the use of an example, what is meant by *vertical integration*. [3]

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(ii) How might Iceland Foods Ltd benefit from *vertical integration*? [5]

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4. 'The Interior' partnership is formed

Anna Lewis, an interior designer, had worked from home as a sole trader since finishing her training. Three months ago she had a chance meeting with an interior decorator called Charlie Rolls at a local trade centre. They got chatting and Charlie asked Anna if she wanted to do some design work for a refurbishment project he was currently undertaking. She accepted the work and they both made a good profit from the job.



To her surprise, Charlie called her three weeks later and suggested that they form a partnership. He had found a retail shop and small workshop for rent, which could be their new base – something which neither could have afforded to do if operating alone. By combining their skills, he felt they had a complete package to offer to both their new and existing customers.

Anna knew that she needed to give this some careful consideration and promised to let Charlie know her decision within the week.

Advise Anna whether she should enter into a partnership with Charlie or remain operating as a sole trader. [9]

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