

Candidate Name	Centre Number	Candidate Number
		2



GCE AS/A level

1081/01 **New AS**

**BUSINESS STUDIES
BS1**

A.M. THURSDAY, 8 January 2009

1 ¼ hours

For Examiner's Use Only		
Question	Maximum Mark	Examiner's Mark
1	4	
2	4	
3	14	
4	14	
5	14	
Total	50	

INSTRUCTIONS TO CANDIDATES

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

Write your name, centre number and candidate number in the spaces at the top of this page.

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 5 (b)).

Answer all the questions in the spaces provided.

1. PERSONAL DEBT IN THE UK REACHES RECORD LEVELS

If people were to limit their spending mainly to things that they really need and were to spend less on things that they want, there would not be such a problem in the UK of rising personal debt.

With the use of examples, explain the difference between needs and wants. [4]

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Total Mark

2. MORE POST OFFICE CLOSURES

The Post Office, which is part of the public sector, recently announced plans to close 2 500 of its branches because it was losing £4m a week. After these closures, the Government is still going to pump a £150m annual subsidy into a network in which only 4 000 of the remaining 12 000 branches will be profitable.

In what ways do the aims and objectives of the public sector differ from those of the private sector? [4]

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3. WELSH RUGBY UNION SIGNS £10m DEAL FOR NEW KIT

The Welsh Rugby Union (WRU) has unveiled a new four-year kit deal believed to be worth more than £10m.

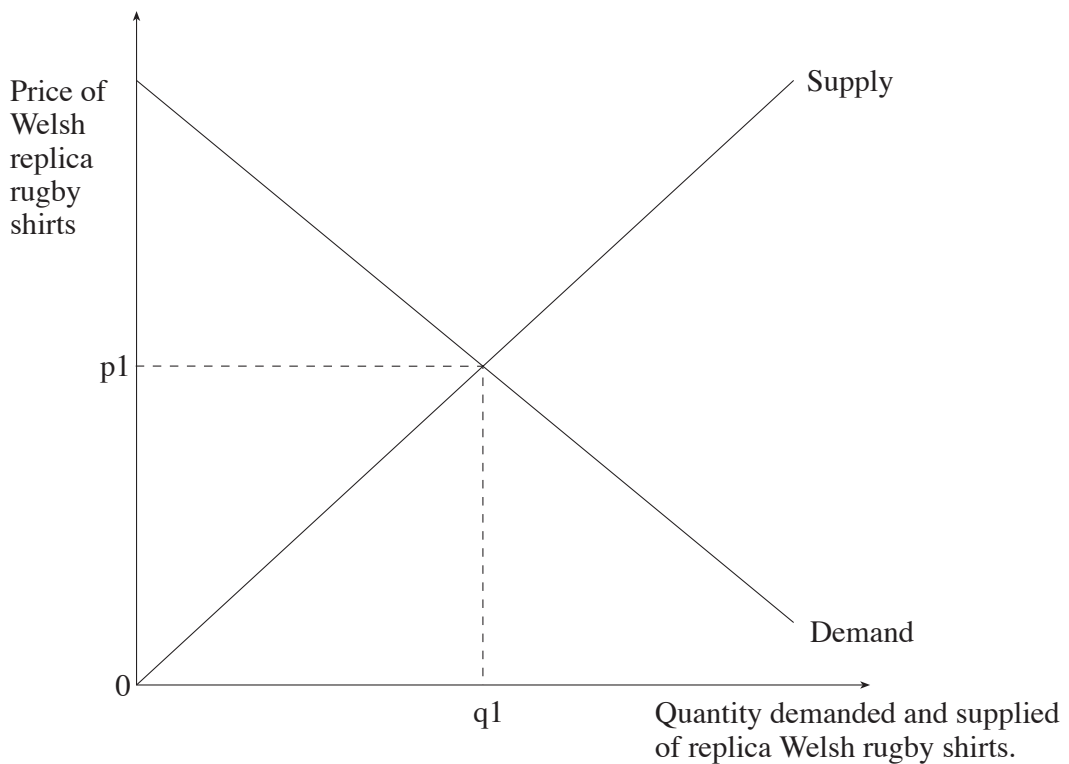
American company *Under Armour* will replace *Reebok* as the new kit supplier, for all the Welsh rugby international teams and support staff, under the deal which will begin in the autumn of 2008.

The WRU said the company's new kit will be based on technology used to produce kit for top American football teams. It will be used for Wales's internationals in November.

The WRU said the company's design and manufacture teams had been studying Welsh rugby and its history and heritage, as part of its market research.

Adapted from news.bbc.co.uk, 14 February 2008

- (a) Adapt the demand and supply diagram below and explain what might happen to the price of replica Welsh rugby shirts if the Welsh team is more successful. [4]



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(b) Explain **two** factors, other than the success of the Welsh rugby team, that may influence the demand for replica Welsh rugby shirts. [4]

(i)
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(ii)
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(c) Consider the view that the primary market research carried out by *Under Armour* is of much greater value to the business than its secondary market research. [6]

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Turn over.

5. RECOVERY STRATEGY PAYS OFF FOR THORNTONS

It's chocolate season - Valentine's Day, Mother's Day, and Easter are all in close succession, and Thorntons has been innovating on products to lure chocolate lovers into its stores. Thorntons Moments, described as a family treat, are just hitting the shops shelves this week. Further work is also under way on design and layout, and the new look will be trialled at 10 stores this summer.

Mike Davies, the chief executive, joined Thorntons from Mars in October 2006, pledging to revive the fortunes of the company which began as a single shop in Sheffield in 1911. His recovery strategy appears to be paying off.

Yesterday, Thorntons reported a 14% jump in half-year profits as it notched its fifth successive quarter of sales growth. Revenues rose 13.9% to £126.7m in the 28 weeks to 12 January while profits increased to £11.9m from £10.5m. Thorntons trades from 378 owned stores and 252 franchises and its products are also available through supply deals with major supermarkets and retailers. Its website and catalogue service, Thorntons Direct is also making steady progress, enjoying revenue growth of 25.6% to £5.3m in the period.

Cliff Feltham, The Independent, 21 February 2008

(a) Outline **two** economies of scale that Thorntons will benefit from if it continues to be successful. [4]

(i)

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(ii)

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