

Section A

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

For questions with four responses, only **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD



WRONG METHODS



If you want to change your answer you must cross out your original answer as shown.



If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.



0 1 . 1 Identify which of the following is a characteristic of a tall organisational structure.

[1 mark]

A Junior employees make more decisions.

☐

B There are few employees.

☐

C There are many levels of the hierarchy.

☐

D There will be a short chain of command.

☐

0 1 . 2 Which of the following describes a situation when a profit must be made?

[1 mark]

A Revenue is equal to total costs.

☐

B Revenue is higher than fixed costs.

☐

C Total costs are higher than revenue.

☐

D Total costs are lower than revenue.

☐


Section B

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

0 2**Item A: Adventures**

John is a sole trader who owns a business called Adventures. The business was set up seven years ago to sell activity holidays in the UK. John has been a keen water-sports enthusiast for many years. He had been unhappy when working for a large insurance company. He therefore decided to set up Adventures. Adventures offers a range of activities such as windsurfing, canoeing and surfing.

One holiday that Adventures sells is a weekend course where people can learn to windsurf. The business employs an instructor and books the hotel. This is then sold as a package holiday to customers.

Table 1: Cost information for a windsurfing weekend

Number of participants	Fixed costs	Total variable costs
10	£1500	£2600

John strongly believes that a successful business should be a sustainable business. Adventures will only book hotels that take responsibility for their impact on the environment by recycling and using renewable energy. This means Adventures often pay a premium price for accommodation.

Many of John's customers go skiing during the winter months and he would like to expand and sell ski holidays in Italy. John has never skied himself so he has asked his friend Lucas for some advice. Lucas has never run his own business before but has lived and worked in an Italian ski resort called Folgaria for several years. He is familiar with the local hotels there and knows several ski instructors. Lucas does not believe that the business should pay a premium price for hotels but is keen to invest in the business. Lucas would like to form a partnership in which decisions are shared equally with John.

0 2 . 1

Define sustainability.

[2 marks]



Turn over for Section C

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outside the
box

DO NOT WRITE ON THIS PAGE
ANSWER IN THE SPACES PROVIDED

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0 3 . 1

Businesses are affected by changes in the external business environment.

Identify **two** factors in the business environment that can influence a business.

[2 marks]

1 _____

2 _____

0 3 . 2

Using **Item C**, explain **one** risk for JCC Shoes as a business operating in the shoe market.

[2 marks]

0 3 . 3

Using the information in the graph, calculate the percentage increase of Instagram responses between 2018 and 2019.

Assuming this percentage increase continues in 2020, calculate the number of customer responses JCC Shoes should receive in 2020 on Instagram.

Show your workings.

[4 marks]

Percentage increase of Instagram responses

Workings _____

Number of customer responses on Instagram in 2020

Workings _____

Final answer _____

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