

Surname	Centre Number	Candidate Number
First name(s)		2



GCE AS

B510U10-1



S25-B510U10-1



FRIDAY, 16 MAY 2025 – MORNING

BUSINESS – AS component 1
Business Opportunities

1 hour

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1(a)	4	
1(b)	2	
1(c)	6	
1(d)	8	
2(a)	3	
2(b)(i)	1	
2(b)(ii)	4	
2(c)	2	
2(d)	6	
3(a)(i)	1	
3(a)(ii)	1	
3(a)(iii)	2	
3(b)	6	
3(c)	4	
Total	50	

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01

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.

Write your answers in the spaces provided in this booklet. If you run out of space, use the additional page(s) at the back of the booklet, taking care to number the question(s) correctly.

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.



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

1. The start-up and ownership of X

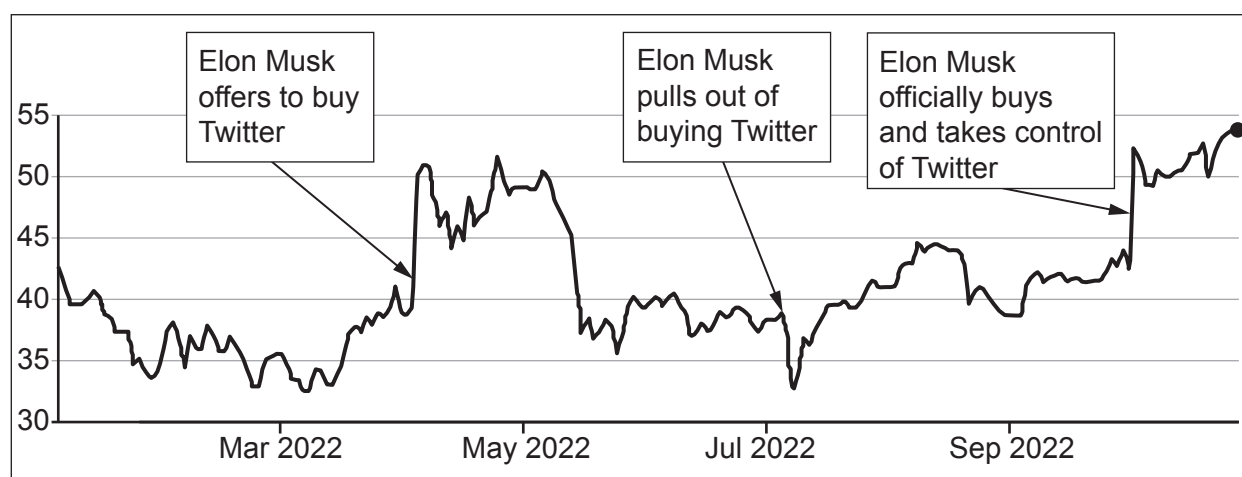
X, formally known as Twitter, is an online social networking service created in 2006 by four entrepreneurs. In 2013, its legal structure changed to a public limited company (plc). The business has over 20 offices around the world.

In April 2022, Elon Musk, the richest entrepreneur in the world and CEO of Tesla, put in a bid to buy 100% of the shares of Twitter and become the sole owner. Elon Musk offered to pay \$54.20 for each share. This was 38% higher than the share price of Twitter before Elon Musk's bid.

Elon Musk eventually bought Twitter in October 2022, after initially pulling out of the deal in July 2022.

In 2023 Elon Musk changed the name of Twitter to X. Over 200 million people around the world use X daily, sharing news, photos and videos. However, some online social networking sites such as X are banned in some countries.

Figure 1: Twitter share price in \$USD during 2022



(a) Describe **two** characteristics of entrepreneurs.

[4]

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In April 2022, Elon Musk offered to pay \$54.20 for each share in Twitter. This was 38% higher than the share price of Twitter before Elon Musk's bid.

- (b) Calculate the share price of Twitter before Elon Musk's bid. Present your answer to **two** decimal places. Show your workings. [2]

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- (c) Explain **two** factors Twitter may have considered when locating its offices. [6]



[8]



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2. Play2day

Lucy owns and manages a children's soft play centre called Play2day. Lucy generates revenue in two ways:

1. Ticket price entry into the soft play centre.
2. Selling a range of drinks to customers inside the soft play centre, including cups of squash priced at 50p each and cans of soft drinks priced at £1.50 each.

Last month Play2day sold 1350 tickets at a price of £8 each. Variable cost per unit was £2.10.



- (a) Calculate the total contribution made from the ticket sales last month. Show your workings.

[3]

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Lucy recently conducted secondary market research. The findings of her research showed that:

- Cups of squash are classified as an inferior good.
- Cans of soft drinks are classified as a normal good.
- Price elasticity of demand of ticket prices was inelastic.

- (b) (i) Define the term price inelastic.

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- (ii) Explain what might happen to sales of cups of squash and cans of soft drinks if customer's incomes decrease. [4]

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To help Lucy understand and meet customer's needs further she is considering carrying out primary market research, using a quota sampling method.

- (c) Define the meaning of the term quota sampling method. [2]

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[6]



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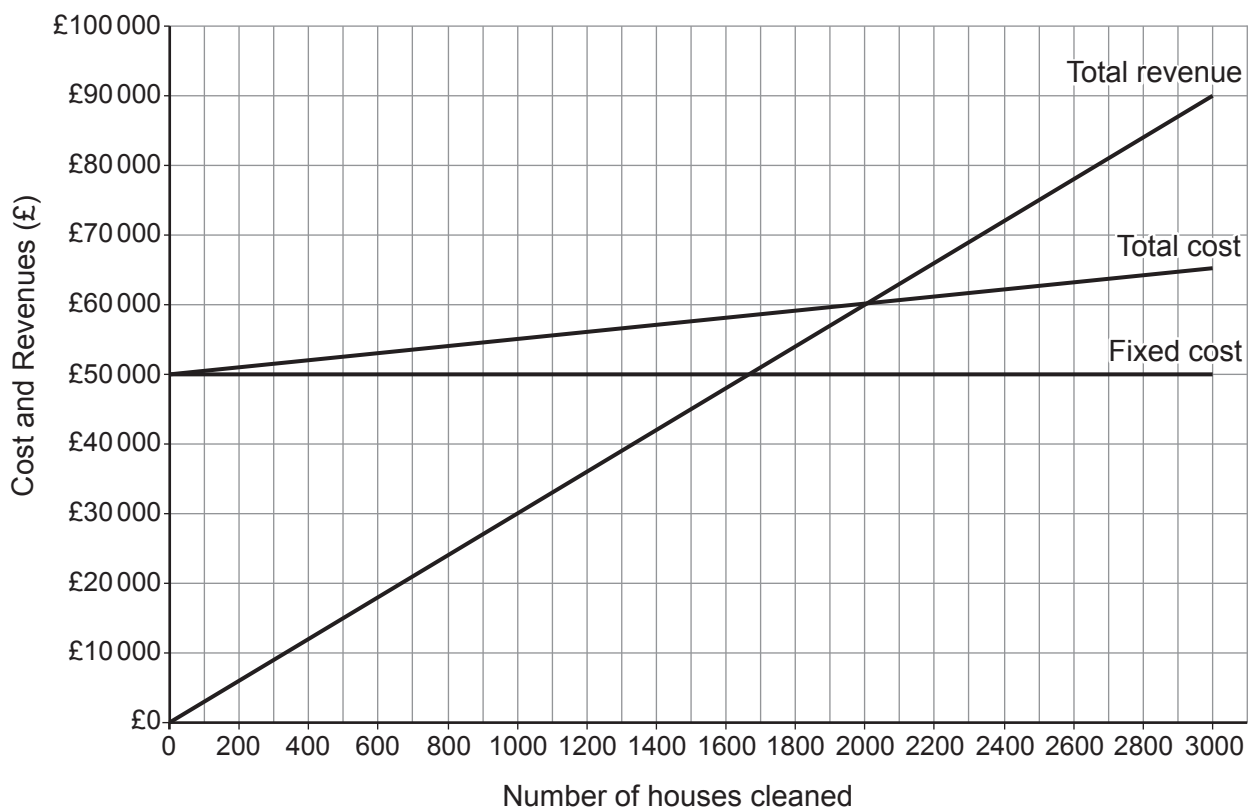


3. LOL Window Care

Leon and Olaf have been working in the window care industry for several years. After observing the large amount of profits being made by their employers, Leon and Olaf are now in the process of planning their own window cleaning business. The business will become a partnership and will be called LOL Window Care.

Olaf believes that conducting break-even analysis is an important part of the planning process for a new business. He has created a break-even graph for the first year, which is shown in **Figure 2**.

Figure 2: Break-even graph for the first year of LOL Window Care



Leon disagrees with Olaf. He is concerned about using break-even analysis to judge the likely success of their business. Olaf created the break-even graph using the average cleaning price per house and average variable costs. Leon does not believe this is accurate because the price and the average variable cost of each cleaning job will depend on the size of the house and its number of windows.

- (a) Leon and Olaf expect to clean 2400 houses in total during the first year of trading.

Using the break-even graph in **Figure 2**:

- (i) Calculate the margin of safety during the first year of trading. [1]

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- (ii) Calculate the profit for the first year of trading. [1]

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- (iii) Calculate the average cleaning price per house. Show your workings. [2]

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- (c) Advise, with supporting reasons, whether Leon and Olaf should turn their plans into action and start their new window cleaning business.

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