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# INTERNATIONAL AS & A-Level BUSINESS STUDIES

## 9725

Unit 1 Business and markets

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Specimen paper      X am UK Time      Time allowed: 1 hour 15 minutes

**Materials**

You will need no other materials.

**Instructions**

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this book. Cross through any work you do not want to be marked.

**Information**

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 60.

**Section A**

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

0	1
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Describe one typical characteristic of a successful entrepreneur.

**[2 marks]**

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0	2
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Describe one feature of an effective business objective.

**[2 marks]**

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0	3
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Describe one factor which might affect the demand for a product.

**[2 marks]**

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0	4
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Describe one benefit to a business of producing a business plan.

**[2 marks]**

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0	5
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Describe one benefit of using sampling when undertaking market research.

**[2 marks]**

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**Turn over for the next section**

### Section B

Answer all questions in this section.

0	6
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The sales of business X are \$21,600. Its profits are \$12,000.

The total sales of all businesses in the market are 50,000 units with a value of \$240,000.

Calculate the market share by value of business X.

**[2 marks]**

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0	7
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Sales of product X last year = 20,000 units

Sales of product X this year = 22,000 units

Average consumer income increases from \$50,000 last year to \$65,000 this year

Calculate the income elasticity of demand for this product.

Give your answer to 2 decimal places.

**[4 marks]**

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0	8
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The following financial information relates to a business for the last financial year:

Number of issued shares= 120 million

Total annual dividends = \$15 million

Market price of shares= \$2.50

Calculate the dividend yield.

**[4 marks]**

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**Turn over for the next section**

## Section C

Answer all questions in this section.

0	9
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Analyse **two** benefits to a car manufacturer of using market segmentation.

**[8 marks]**

[illegible]

1	0
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Sami wants to set up his own business with his two brothers.

Analyse **one** advantage and **one** disadvantage to Sami of being a family business.

**[8 marks]**

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**Turn over for the next section**

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**[12 marks]**

[illegible]



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1	2
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Over the last 12 months consumer incomes in the country have not been growing and ETK Ltd ,a luxury watch manufacturer, has experienced falling sales.

ETK Ltd is considering launching a new range of watches at a low price.

Assess the arguments for and against and make a judgement on whether this is a good idea.

**[12 marks]**

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**END OF QUESTIONS**

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