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**Pearson Edexcel** Centre Number  Candidate Number

**International Advanced Level**

# Business Studies

## International Advanced Subsidiary

### Unit 1: Business Enterprise

Monday 8 January 2018 – Morning <b>Time: 1 hour 30 minutes</b>	Paper Reference <b>WBS01/01</b>
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**You do not need any other materials.**

	Total Marks
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### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions in Section A and Section B.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*

### Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- In your responses, you should take particular care with punctuation and grammar, as well as the clarity of your expression.
- Calculators may be used.

### Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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## SECTION B

Answer ALL questions in this section.

You should spend 60 minutes on this section.

### Evidence A: Srikanth Bolla

Srikanth Bolla was the winner of Social Entrepreneur of the Year in 2016, he is also a millionaire. His business, *Bollant Industries*, offers 100% sustainable and environmentally sensitive products; 60% of the workforce are disabled and 58% of the workforce are women.

5

Srikanth himself is blind and has had to face many obstacles throughout his life. Coming from a poor farming background in the south of India, he had to fight the government to follow a science course at school. When he was later refused entry to Indian universities, Srikanth became the first international blind student to be admitted to the prestigious Massachusetts Institute of Technology (MIT) in the US.

10

(Sources: adapted from © Youth Business International and © YourStory Media Private Limited)

### Evidence B: *Bollant Industries*

“Even while studying at MIT, I had a vision for myself – I wanted to create a social enterprise addressing three primary areas of concern to me: increasing pollution through indiscriminate use of plastics and harmful chemicals; lack of employment opportunities for India’s 80 million disabled people; and improving the livelihoods of Indian farmers.”

5



Srikanth is the CEO of Hyderabad-based *Bollant Industries*, a private limited company launched in 2012. It manufactures eco-friendly, disposable consumer packaging solutions.

His research showed that creating products from recycled agricultural materials could be a sustainable and viable business.

10

One of the first materials he started using was the Areca (betel) nut. It is typically harvested by farmers in the Southern states of India as a commercial crop but they do not use the entire nut: leaf sheaths that were once discarded are now used by *Bollant Industries* to create an eco-friendly alternative to plastic tableware.

15

Since its launch, the company has also developed a line of containers from recycled paper. Not wanting to continue using chemicals in production, Srikanth created his own line of alternative, eco-friendly glues and adhesives to use in their manufacturing processes.

20

*Bollant Industries* is also creating positive experiences for others in the supply chain. To date, the company has contributed to 800 jobs indirectly. Areca nut farmers benefit from an additional source of stable income. By creating sustainable alternatives to plastic, *Bollant Industries* has replaced roughly 700 tonnes of plastic waste within three years.

(Source: adapted from © Youth Business International)

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### Evidence C: Growth and Investment

Business angel, Ravi Mantha, was so impressed with Srikanth's business acumen and his vision for the business that he not only decided to mentor him but also invested in the company. Several other angel investors are now involved, including Kirin Grandhi of GMR Group and Ratan Tata of Tata Industries.

5

They are raising \$2m in funding and have already raised \$1.4m.

In 2016, *Bollant Industries* has four factories, one each in Hubli and Nizamabad, and two in Hyderabad. A large new factory, in Sri City, is under construction and will be 100% solar powered.

*Bollant Industries* achieved a turnover of \$330 000 in less than 3 years. Further growth is planned and it is expected to grow into a \$13m turnover company by 2018. This will expand opportunities for disabled people in India.

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(Source: adapted from © Youth Business International)

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9 The following information is available:

- fixed costs for a production run of Areca tableware = Rs4 000
- average variable cost per unit = Rs1.5
- selling price per unit = Rs6.5

(a) Using the information above, calculate the break-even output of Areca tableware.  
(Show your working.)

(4)

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**10** Assess the likely importance of profit maximisation to Srikanth when running *Bollant Industries*.

(12)

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**(Total for Question 10 = 12 marks)**





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**(Total for Question 11 = 14 marks)**

**TOTAL FOR SECTION B = 56 MARKS**  
**TOTAL FOR PAPER = 80 MARKS**



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