



Oxford Cambridge and RSA

# A Level Business

## H431/01 Operating in a local business environment

### Monday 18 June 2018 – Morning

#### Time allowed: 2 hours

Barcode with numbers:  
\* 7 0 1 0 1 1 8 5 1 4 \*

**You must have:**

- the Resource Booklet

**You may use:**

- a scientific or graphical calculator



First name

Last name

Centre number

Candidate number

#### INSTRUCTIONS

- Use black ink.
- Complete the boxes above with your name, centre number and candidate number.
- Answer **all** the questions.
- Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the barcodes.
- The Resource Booklet is for **Section B** only.

#### INFORMATION

- The total mark for this paper is **80**.
- The marks for each question are shown in brackets [ ].
- Quality of extended responses will be assessed in questions marked with an asterisk (\*).
- This document consists of **20** pages.

## Section A

Answer **all** the questions.Put a tick (✓) in the box next to the **one** correct answer for each question.

1 A curriculum vitae (CV) is used by a business to:

- (a) advertise a job vacancy in the local job centre
- (b) confirm details of a job offer to a newly recruited employee
- (c) help select the best person for a specific job vacancy
- (d) list the criteria to look for when interviewing candidates for a job


[1]

2 Globalisation may be a threat to a business because it:

- (a) increases the choice of suppliers
- (b) increases the level of competition
- (c) reduces economic growth
- (d) reduces reliance on technology


[1]

3 Which of the following is an example of a factor of production used in the construction industry?

- (a) The land on which houses are built
- (b) The money used to buy the doors and windows
- (c) The quality of the houses built
- (d) The salaries of the bricklayers


[1]

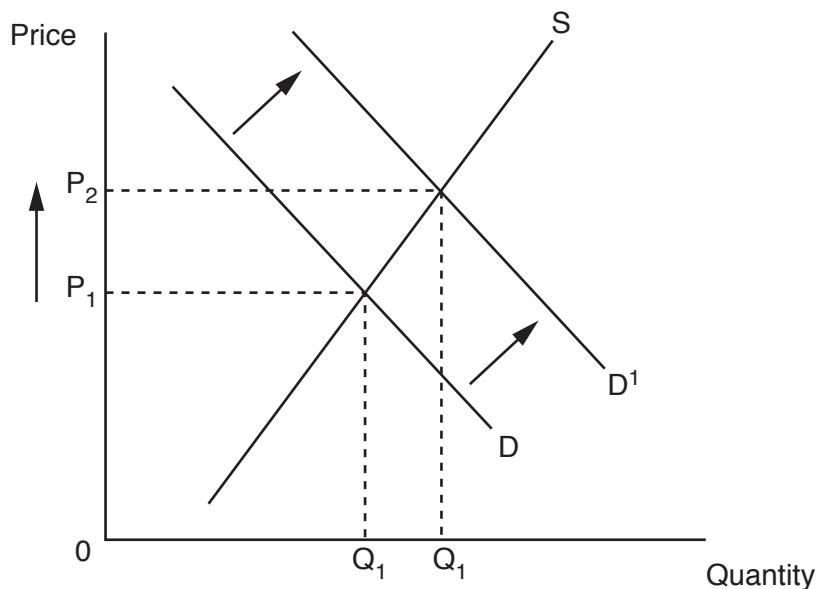
4 Which of the following is a disadvantage to a **business** of employing staff on zero-hours contracts?

- (a) Employees can be called into work when required
- (b) Employees do not have to work when asked
- (c) Employees have no financial stability
- (d) Employees are not offered any guaranteed hours


[1]

5 The diagram below shows the demand and supply for leather boots.



Which of the following could have caused the increase in equilibrium price shown on the diagram?

- (a) A change in fashion which decreases the popularity of boots
- (b) A decrease in the productivity of workers who make leather boots
- (c) An exceptionally long and cold winter
- (d) An increase in the cost of leather


[1]

6 Value analysis is used to:

- (a) appraise the value of a capital investment project
- (b) balance the function, cost and aesthetics of a product
- (c) compare budgeted figures with actual results
- (d) monitor the cash inflows and outflows of a business


[1]

7 A taxi firm computerises its booking system. The impact of this change on consumers is **most likely** to be:

- (a) better trained taxi drivers
- (b) cheaper taxi fares
- (c) improved availability of taxis
- (d) longer queues at the taxi rank


[1]

8 Which of the following is **the best** example of organic growth at a bakery?

- (a) Buying a wheat farm
- (b) Installing ten additional ovens
- (c) Merging with another bakery
- (d) Selling more bread to existing customers


[1]

9 The accountant for Julie's Jewels, a small online jewellery retailer, has calculated the following figures for the business in 2017:

- opening stock = £7200
- closing stock = £4800
- cost of goods sold = £17200.

Julie's Jewels' stock turnover ratio in 2017 was:

- (a) 1.43
- (b) 2.39
- (c) 2.87
- (d) 3.58


[1]

10 What is crisis management?

- (a) A proactive approach to anticipated problems
- (b) A response to unforeseen difficulties
- (c) Planning for emergencies
- (d) The creation of a backup plan


[1]

11 Product innovation in the chocolate industry is **most likely** to lead to:

- (a) a better way to make chocolate
- (b) a new chocolate bar
- (c) less choice for consumers
- (d) lower research and development costs


[1]

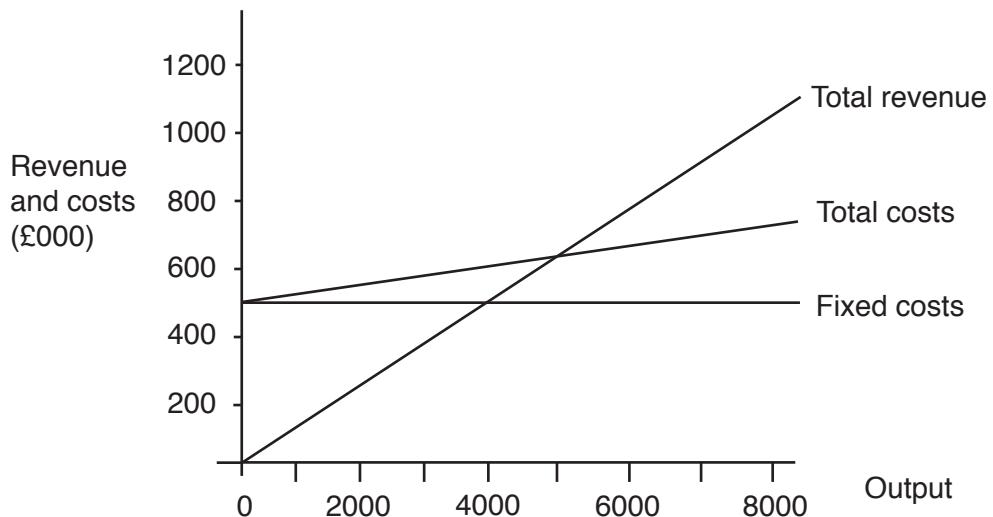
12 AIDA is a model used by a business to maximise the effectiveness of its:

- (a) advertising
- (b) channels of distribution
- (c) differentiation strategies
- (d) industrial relations


[1]

13 A break-even graph for Mortimer Plastics in 2018 is shown below.



If Mortimer Plastics makes and sells 7 000 units in 2018, its margin of safety would be:

- (a) 1000 units
- (b) 2000 units
- (c) £200 000
- (d) £600 000


[1]

14 Which of the following is a likely consequence to a business of mis-communicating its objectives to its workforce?

- (a) Employees gain trust in the organisation
- (b) Labour turnover increases
- (c) Objectives will be SMART
- (d) Workers will be less resistant to change


[1]

15 Which of the following explains the term 'economies of scale'?

- (a) An increase in size leads to a fall in costs
- (b) Average costs remain constant at all levels of output
- (c) Fixed costs increase as a business gets bigger
- (d) Higher output leads to a fall in unit costs


[1]

## Section B

Answer **all** the questions.

Please use the information provided in the **Resource Booklet** to answer the following questions.

**16** "I'd like to do a bit more marketing but I don't have the resources." (Line 64)

Analyse **one** way in which the resources available to Michael may affect his ability to develop a marketing strategy for the shop.

. [6]

17\* Evaluate methods which Michael could use to ensure that his staff are motivated.

[15]





**18** "...the shop faces a considerable amount of uncertainty." (Lines 49–50)

Analyse how **two** causes of uncertainty might have an impact on the Help UK shop in Macclesfield.

. [9]

12

**19\*** "...poor customer service has to be avoided." (Line 41)

Evaluate the impact of poor customer service on the Help UK shop in Macclesfield.

[15]





15

20 Table 2 shows Michael's net profit forecast for the next three years.

(a) Calculate the net present value (NPV) of the shop's forecast total net profit for the period 2018 to 2020.

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Answer ..... [2]

(b) Assuming that Michael's forecasts for net profit are correct, calculate the total annual costs of the Macclesfield shop in 2018.

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Answer ..... [3]

**21\*** Assume that the decision has been taken to renew the lease on the shop for another five years. (Lines 65–67)

Evaluate how the continued success of the Help UK shop in Macclesfield might affect its **local** stakeholder groups. [15]



**END OF QUESTION PAPER**

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