



Oxford Cambridge and RSA

A Level Business

H431/02 The UK business environment

Thursday 7 June 2018 – Afternoon

Time allowed: 2 hours



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.

1 State **two** secondary sources of market research data.

1
.....
2
.....

[2]

2 State **one** advantage and **one** disadvantage for a UK firm of the UK being a member of the European Union (EU).

Advantage
.....
Disadvantage
.....

[2]

3 Explain the accounting convention known as 'materiality'.

.....
.....
.....
.....

[2]

4 A company makes computer monitors that it sells for £149 each. The company's accountant allocates the following costs to each monitor produced:

- Plastic components = £22
- Electrical components = £26
- Direct labour costs = £20
- Factory overheads = £45
- Transport costs = £15

Calculate the added value for each monitor.

.....
.....
.....
.....
.....
.....
.....
.....

Answer = [2]

5 Explain **two** advantages for an individual of setting up a business as a sole trader.

1

.....
.....
.....

2

.....
.....
.....

[4]

6 The dismissal of an employee must be 'fair' for it to be legal.

Explain **two** possible reasons for 'fair dismissal'.

1

.....

.....

2

.....

.....

[4]

7 (a) A business has three financial transactions on 25 May 2018:

- Sells £400 of product for cash
- Sells £500 of product on credit (to be paid at the end of June 2018)
- Pays an invoice from April 2018 for £260 from its bank account.

Calculate the net effect on the business' cash-flow on 25 May 2018.

.....

Answer = [2]

(b) Complete the unshaded boxes in the cash-flow forecast below.

	July 2018 (£)	August 2018 (£)
Opening balance	31 800	31 900
Inflows		
Sales revenue	97 000	102 000
Bank loan	12 100	10 000
Outflows		
Raw materials	27 600	36 500
Wages	63 600	75 000
Utilities		20 000
Other costs	1 800	2 000
Closing balance	31 900	

[2]

Section B

Answer **all** the questions.

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

⁸ Virgin Trains “is a joint venture between Virgin Group Ltd and Stagecoach plc.” (Lines 1–2)

Analyse **one** benefit for Virgin Trains of operating as a joint venture.

[4]

[4]

⁹ “... more than £2 billion has been invested in new trains.” (Lines 22–23)

Analyse **one** source of finance which Virgin Trains may have used for this investment.

[4]

10 Virgin Trains' passenger charter (**Extract B**) is a form of mission statement.

Evaluate the advantages for Virgin Trains of having a mission statement.

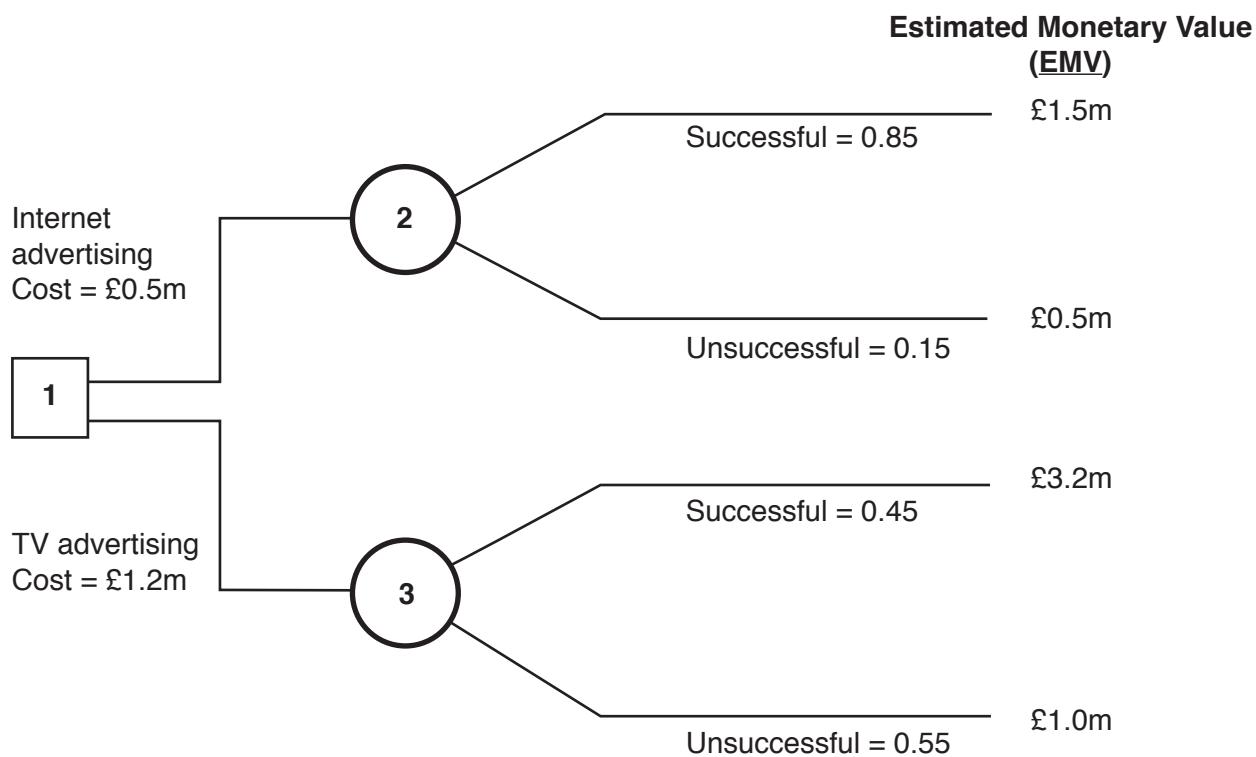
[9]

11* Recommend suitable training methods which could be used to improve the skills of Virgin Trains' employees. Justify your answer. [15]

12 Evaluate the possible impact of changes in political factors on Virgin Trains. [9]

13 The managers at Virgin Trains are considering how to increase demand on the London to Edinburgh route. They have two options for a promotional campaign; either Internet advertising or TV advertising, and have decided to use a decision tree to help identify the best option.

Using the diagram below, calculate the expected value (EV) at node 1.



Answer = [4]

14* The marketing mix for a **service** includes an extra three 'P's, in addition to the usual four 'P's for a **good**.

Evaluate the importance of 'process', 'people' and 'physical evidence' in the marketing of Virgin Trains' service as it attempts to increase market share on the London to Edinburgh route (**Extract E**). [15]

END OF QUESTION PAPER

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