



Oxford Cambridge and RSA

Monday 3 June 2019 – Afternoon

A Level Business

H431/02 The UK business environment

Time allowed: 2 hours



You must have:

- the Resource Booklet

You may use:

- a calculator



Please write clearly in black ink. **Do not write in the barcodes.**

Centre number

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Candidate number

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First name(s)

Last name

INSTRUCTIONS

- Use black ink.
- 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).
- 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 **16** pages.



A calculator may
be used for this
paper

Section A

Answer **all** the questions.

1 State **two** factors which may affect the choice of finance for a business.

1

2

[2]

2 What is meant by 'opportunity cost'.

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

[2]

3 A business manufactures teddy bears. Its turnover for the last financial year was £280 000 with cost of sales of £115 000 and other expenses of £55 000.

Calculate the gross profit for the business.

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

Answer **[2]**

4 'Intensity of rivalry within the industry' is one of the forces identified by Porter in his Five Forces model of strategic choice.

List **two** of the other forces identified by Porter in his Five Forces model.

1

2

[2]

5 The table below sets out a selection of workforce performance data for a business, using index numbers.

	2016	2017	2018
Lateness	112	100	101
Absenteeism	115	100	97
Productivity	79	100	121

(a) Identify the base year for all of the data.

..... [1]

(b) Identify the year in which productivity rose by 21%.

..... [1]

(c) Calculate the percentage change in absenteeism between 2016 and 2018.

.....
.....

Answer [2]

6 Explain **two** disadvantages for a business of using job production.

1

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

2

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

[4]

7 Explain **two** functions of management.

1

.....

.....

2

.....

.....

[4]

Section B

Answer **all** the questions.

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

8 Analyse **one** way the directors of Hotel Chocolat would benefit from using budgets.

4

[4]

9 Evaluate the impact on the directors of Hotel Chocolat of the decision to float the business on the London stock market and so become a public limited company. [9]

10* Extract B suggests that Hotel Chocolat sees itself as an innovative company.

Evaluate whether the advantages of product innovation for Hotel Chocolat outweigh the disadvantages. [15]

10

11 Evaluate the extent to which Hotel Chocolat may be affected by the changing world price of cocoa. [9]

12

12 Analyse **one** primary market research technique that Hotel Chocolat may have used when deciding to locate its Peterborough shop in the Queensgate shopping centre.

[4]

13 (a) Weekly consumer income in the UK increased from £465 in July 2016 to £474 in July 2017.

Using data from **Extract A**, calculate the income elasticity of demand for Hotel Chocolat's products over this period.

Answer [4]

13

(b)* Hotel Chocolat is a premium chocolate brand. (Lines 3–5)

Recommend an appropriate promotional mix as part of Hotel Chocolat's future marketing strategy. Justify your answer. [15]

END OF QUESTION PAPER

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