



Oxford Cambridge and RSA

Thursday 7 October 2021 – Morning

A Level Business

H431/01 Operating in a local business environment

Time allowed: 2 hours



You must have:

- the Resource Booklet

You can 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.
- Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.
- Use the Resource Booklet to answer the questions in **Section B**.
- Answer **all** the questions.

INFORMATION

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

ADVICE

- Read each question carefully before you start your answer.

2

Section A

Answer **all** the questions.

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

1 A job description should contain:

- (a) a deadline for applications
- (b) the characteristics of the successful applicant
- (c) the names of two referees
- (d) the responsibilities of the role

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[1]

2 Which of the following sources of finance is **only** available to a public limited company?

- (a) A share issue
- (b) Debentures
- (c) Debt factoring
- (d) Sale and leaseback

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[1]

3 HJ Construction plc builds houses which are then rented out by local councils.

HJ Construction plc is an example of a:

- (a) secondary sector company which operates in the private sector
- (b) secondary sector company which operates in the public sector
- (c) tertiary sector company which operates in the private sector
- (d) tertiary sector company which operates in the public sector

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[1]

3

- 4 A manufacturer makes meat-based and vegetarian soups. The market has recently experienced an increase in the supply of meat-based soups and an increase in demand for vegetarian soups.

How should the manufacturer respond to these changes in market forces?

- (a) Adjust production levels in favour of vegetarian soups
- (b) Decrease the production of both types of soup
- (c) Increase the price of meat-based soups
- (d) Increase the production of meat-based soups

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[1]

- 5 Which of the following options **only** includes lean production methods?

- (a) ATR, Just in time and Kaizen
- (b) Cell production, DAGMAR and Kanban
- (c) Ergonomics, Jidoka and Porter's Five Forces
- (d) Jidoka, Kaizen and Kanban

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[1]

- 6 A retailer wishes to open a new store at a cost of £11 million. Forecast net return figures, together with 15% discount factors, are shown in the table below.

Year	Forecast net returns (£ million)	15% discount factor
0	(11.0)	1.00
1	2.5	0.87
2	3.5	0.76
3	4.5	0.66
4	5.5	0.57
5	6.5	0.50

Based on the forecast net returns and a discount factor of 15%, the net present value (NPV) of this investment is approximately:

- (a) £3.2 million
- (b) £11.5 million
- (c) £14.2 million
- (d) £64.6 million

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7 A joint venture between two companies differs from a merger because:

- (a) both businesses must operate in the same country
- (b) neither company gains a competitive advantage
- (c) no change of business ownership is required
- (d) the two companies must be of similar size

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[1]

8 Political uncertainty is **most** likely to lead to:

- (a) a reduction in threats from the external environment
- (b) an economic boom caused by stable exchange rates
- (c) an increased need for contingency planning
- (d) improvements in the accuracy of financial forecasts

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9 Which of the following is **unlikely** to be a barrier to effective communication for a sole trader?

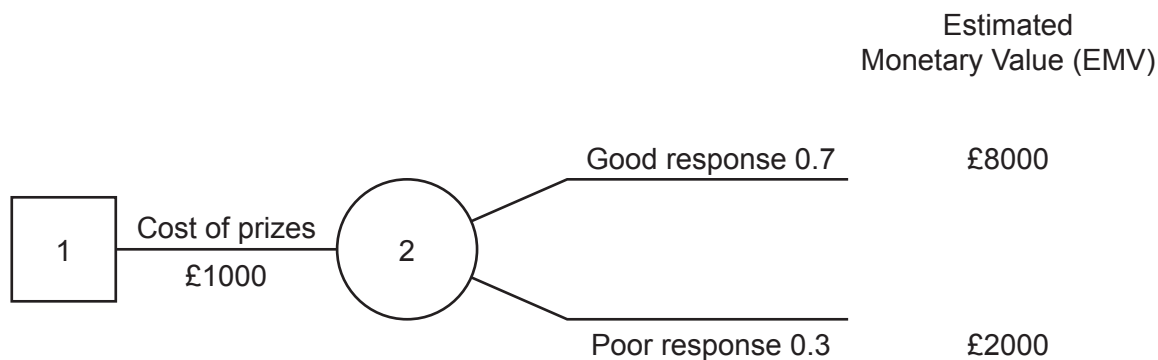
- (a) Complexity of information
- (b) Size of the business
- (c) Skill of the sender
- (d) Technical difficulties

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- 10 A charity is planning a fundraising event. An extract from its decision tree is shown below.



The expected value (EV) at node 1 is:

- (a) £4000
(b) £5200
(c) £6000
(d) £7200

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[1]

- 11 Which of the following is a benefit of being a franchisee?

- (a) Entrepreneurial freedom
(b) Keeping control of the brand
(c) Regular royalty payments
(d) The availability of specialist advice

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[1]

- 12 According to the hierarchy of objectives, which of the following is true?

- (a) Non-financial objectives are less important than financial objectives
(b) Objectives are set to help a business achieve its aims
(c) Short term objectives are more important than long term aims
(d) Strategic objectives help a business meet its operational objectives

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[1]

- 13** A supermarket chain has decided to upgrade the technology used in its distribution warehouse. The warehouse will need to be closed while the electrical work and hardware installation is completed. A Gantt chart for this project is shown below.

Activity										
Warehouse redesign										
Electrical work										
Hardware installation										
Software installation										
Training										
Testing										
Time (in weeks)	1	2	3	4	5	6	7	8	9	10

The warehouse closure is expected to last for:

- (a) 3 weeks
(b) 4 weeks
(c) 5 weeks
(d) 8 weeks

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- 14** Which of the following is an internal cause of change?

- (a) Advancing technology
(b) Globalisation
(c) Increased competition
(d) Product innovation

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- 15** Market research carried out by a car manufacturer has found that environmental issues are becoming increasingly important for its customers.

This finding could be correctly identified on the car manufacturer's SWOT analysis as either:

- (a) a strength or an opportunity
(b) a threat or a weakness
(c) a threat or an opportunity
(d) a weakness or a strength

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Section B

Answer **all** the questions.

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

- 16** Analyse **one** possible reason why Daphne decided to set up TCC as a partnership.

[6]

[9]

- 18 (a)** Daphne, "...has been thinking about analysing the business' profit margins in more detail."
(Line 54)

If Daphne sells each slice of one of her large cakes for £2.50, calculate the gross profit margin for the whole cake.

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Answer [5]

- (b)*** Two of TCC's strategic objectives are to stay profitable and to achieve sales growth.

Evaluate whether Daphne's method of setting prices (lines 50–52) will help to achieve these objectives. [15]

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