



Oxford Cambridge and RSA

Wednesday 13 October 2021 – Morning

A Level Business

H431/02 The UK business environment

Time allowed: 2 hours

* 8 9 6 1 3 0 0 4 6 9 *

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 **16** pages.

ADVICE

- Read each question carefully before you start your answer.

Section A

Answer **all** the questions.

1 State **two** features of an oligopoly.

1

2

[2]

2 A business wants to use appraisal to help measure workforce performance.

Explain **two** appraisal methods it may use.

1

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[4]

3 Explain **two** extension strategies a business may use to prevent a product entering the decline stage of its product life cycle.

1

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[4]

4 A factory is able to produce 20 000 units of output per month. Earlier this year, the factory produced the following levels of output.

Month	Output
February	12 000
March	15 000
April	18 000

Calculate the average capacity utilisation over the three months. Show your workings.

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Answer = [2]

5 A business produces two types of coffee machine: the Grandé and the Lite. The following table provides information about the production of these machines.

	Grandé	Lite
Output per month	5 000	20 000
Direct costs per unit	£90	£70
Overheads per month	£750 000	

The business uses absorption costing, with overheads allocated based on the output per month.

Calculate the total monthly cost of output for the Grandé coffee machine. Show your workings.

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Answer = [4]

6 State what is meant by an 'emerging market'.

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[2]

7 Identify **two** of Porter's generic strategies to achieve a competitive advantage.

1

2

[2]

Section B

Answer **all** the questions.

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

8 Refer to **Extract A**.

(a) Calculate KKL's acid test ratio for the year ended 31 March 2019.

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Answer = [2]

(b) KKL's accountants need to include Stadium Crayons' non-current assets in KKL's accounts for the year ended 31 March 2020. No assets have been sold off.

Calculate the value of non-current assets which should be added to KKL's accounts.

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Answer = [2]

(c) KKL's accountants have decided that, in the future, the business will use the 'straight line' method of depreciation.

Evaluate the impact of this change on KKL.

[9]

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9 Analyse **one** way in which KKL's level of risk is affected by sourcing its raw materials and products from local businesses.

[4]

10 Evaluate KKL's use of trade fairs as a method of below the line promotion. [9]

11* Evaluate how different areas of employment legislation may affect the employer/employee relationship at KKL. [15]

12

12 Other than employment legislation, analyse **one** way in which the 2019 merger with Stadium Crayons Ltd may affect KKL.

4

. [4]

13* Sarah and her managers at KKL are planning to introduce flow production at the factory on Merseyside. They are considering how this change may have an impact on its stakeholders.

Evaluate whether this change would be beneficial for KKL.

[15]

END OF QUESTION PAPER

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