



Oxford Cambridge and RSA

A Level Business

H431/01 Operating in a local business environment

Monday 18 June 2018 – Morning

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.

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

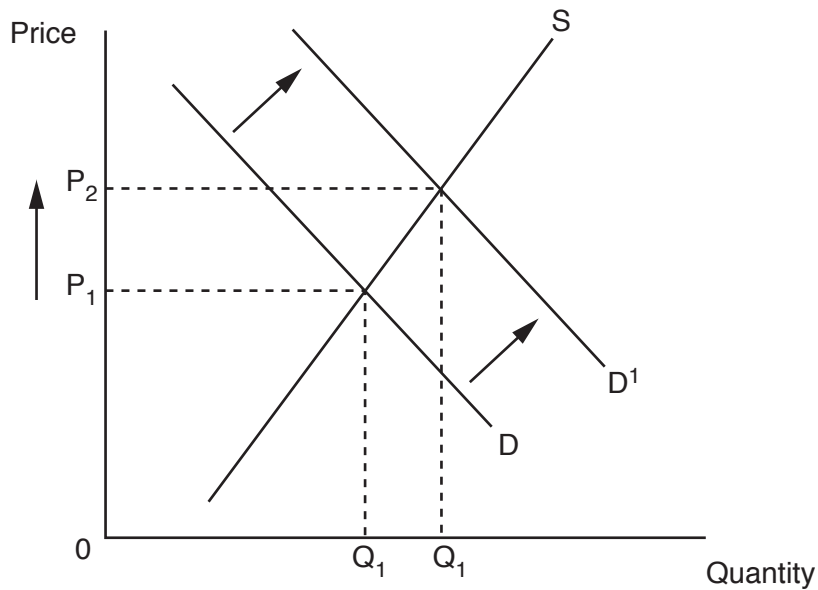
- 1 A curriculum vitae (CV) is used by a business to:
- (a) advertise a job vacancy in the local job centre
 - (b) confirm details of a job offer to a newly recruited employee
 - (c) help select the best person for a specific job vacancy
 - (d) list the criteria to look for when interviewing candidates 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 = £17 200.

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

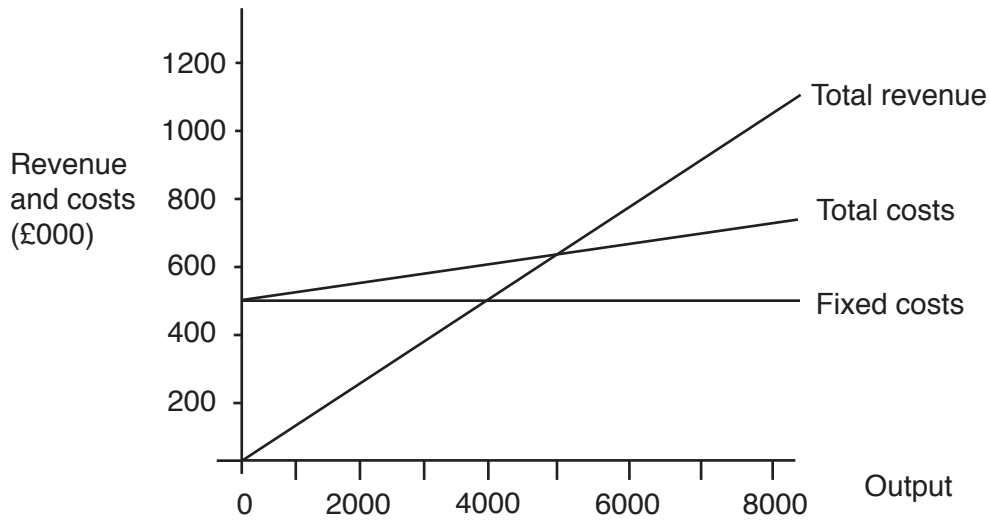
[1]

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 7000 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]

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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]

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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]

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END OF QUESTION PAPER

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