Oxford Cambridge and RSA

Tuesday 14 May 2024 – 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 | | | | | | Candidate number | | | | |

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.

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Section A

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

1 What is an example of a tertiary organisation that operates in the private sector?

(a) Charity shop ☐

(b) Dairy farm ☐

(c) Shoe manufacturer ☐

(d) Supermarket ☐

[1]

2 What is a long-term source of finance suitable for a business start-up operating as a partnership?

(a) Bank loan ☐

(b) Debentures ☐

(c) Retained profit ☐

(d) Share issue ☐

[1]

3 What is a feature of a monopolistically competitive market?

(a) A dominant supplier that sets high prices ☐

(b) Collusion between firms to set prices ☐

(c) Firms have limited influence over prices ☐

(d) High barriers to entry for new firms ☐

[1]

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4 A business operates from four sites.
The Human Resources manager has collected some data for last year.

	Site A	Site B	Site C	Site D
Size of workforce	45	50	70	85
Number of employees leaving during the year	7	6	8	11

Which site had the lowest rate of labour turnover?

(a) Site A ☐

(b) Site B ☐

(c) Site C ☐

(d) Site D ☐

[1]

5 What is a social factor that is likely to lead to a decrease in demand for a fish and chip shop?

(a) A rival fish and chip shop introduces meal deals ☐

(b) A significant increase in the local unemployment rate ☐

(c) More consumers choose to eat home cooked food ☐

(d) More student accommodation is built in the area ☐

[1]

6 Which statement about uncertainty is **not** true?

(a) Uncertainty makes an external adverse event more likely ☐

(b) Uncertainty makes decision-making more difficult ☐

(c) Uncertainty makes planning more important ☐

(d) Uncertainty makes risk management more complicated ☐

[1]

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7 A small business is likely to:

(a) experience diseconomies of scale ☐

(b) experience shared objectives and a unity of purpose ☐

(c) have complex lines of communication ☐

(d) have employees who feel remote and alienated ☐

[1]

8 A sole trader's budgeted financial data is shown in the table.

Fixed costs	£3480
Variable cost per unit	£0.50
Selling price per unit	£4.50
Total units sold	2000

If the actual profit is £6000, what is the profit variance?

(a) £480 adverse ☐

(b) £480 favourable ☐

(c) £1480 adverse ☐

(d) £1480 favourable ☐

[1]

9 What is likely to be a human resource management objective in a hotel?

(a) To introduce a loyalty card scheme for regular guests ☐

(b) To recruit additional cleaning staff for the summer season ☐

(c) To redecorate all the bedrooms during the winter months ☐

(d) To update the restaurant's menu to include more local produce ☐

[1]

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10 The UK is no longer part of the European Union (EU).

As a consequence, British businesses must now:

(a) apply for a licence to convert money into euros ☐

(b) complete detailed paperwork when trading with the EU ☐

(c) dismiss any of its workers who were born in the eurozone ☐

(d) route all imports and exports to and from the EU through Ireland ☐

[1]

11 Brite Cars is a car washing franchisor.

What is a disadvantage to Brite Cars of being a franchisor?

(a) A lack of choice over which shampoo and polish to use on the cars ☐

(b) An annual royalty payment needs to be paid ☐

(c) No entrepreneurial freedom to offer additional car-related services ☐

(d) The cost of developing new machinery to wash the cars ☐

[1]

12 The main purpose of a works council is to:

(a) agree with workers which form of industrial action to take ☐

(b) discuss employment issues that exist within the firm ☐

(c) evaluate an individual employee's contribution to the business ☐

(d) obtain employees' opinions on potential new products ☐

[1]

13 A UK furniture retailer has spent ¥500 000 buying stock imported from China.
The exchange rate is £1 = ¥8.4.

The cost of this purchase in pounds sterling is approximately:

(a) £42 000 ☐

(b) £59 524 ☐

(c) £4.2m ☐

(d) £5.95m ☐

[1]

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14 What would be shown on a statement of financial position?

(a) Bad debts, cost of sales, retained profit ☐

(b) Expenses, non-current assets, trade receivables ☐

(c) Goodwill, gross profit, trade payables ☐

(d) Inventories, non-current liabilities, property ☐

[1]

15 The directors of a company are choosing between strategic options. They are considering using either a decision tree or the Delphi forecasting technique to help them with this choice.

Which statement is true?

(a) a decision tree relies on brainstorming ☐

(b) a decision tree relies on qualitative techniques ☐

(c) the Delphi technique relies on expert opinions ☐

(d) the Delphi technique relies on probability ☐

[1]

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Section B

Use the **Resource Booklet** to answer the questions.

16* Evaluate how DDL benefits from Dev's entrepreneurship. **[15]**

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17 '…projects have always been managed to a high standard, but they are becoming ever more complex.' (lines 43–44)

Analyse **one** advantage to Dev of using Gantt charts as a method of project management.

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..... **[6]**

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18 'Dev uses cost-plus pricing with a 30% mark-up.' (line 36)

A customer orders 100 paving slabs which will cost DDL £3200 in total.

(a) Calculate the price paid by the customer for 100 paving slabs.

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Answer = £ ..... **[2]**

If an order is for more than 100 paving slabs, the supplier will offer DDL a discount of 20% on the total bill.

(b) If DDL requires 150 paving slabs, calculate the decrease in the cost per slab.

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Answer = £ ..... **[3]**

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19* Evaluate the benefits DDL may gain from **internal** economies of scale if it continues to grow. **[15]**

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20 Analyse **two** ways external quality standards may have an impact on DDL.

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21* One of DDL's objectives is to 'increase turnover to £2m by the end of 2025'. (line 18)

Evaluate the importance of process, people, and physical evidence as part of DDL's marketing mix to help achieve this objective. **[15]**

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