

# 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'.

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**[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.

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.....  
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.....

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
<b>Lateness</b>	112	100	101
<b>Absenteeism</b>	115	100	97
<b>Productivity</b>	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 .....

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.....  
.....

2 .....

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.....  
.....

[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]





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



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.

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[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.

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Answer ..... [4]

**(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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