

# Friday 24 May 2019 – Morning

## A Level Business

H431/01 Operating in a local 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 **20** pages.



A calculator may  
be used for this  
paper

## Section A

Answer **all** the questions.

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

1 Which of the following organisations is **most** likely to operate in the third sector?

- (a) A butcher's shop
- (b) A hair salon
- (c) A local authority nursery
- (d) An animal charity

[1]

2 Which of the following is a correct definition of Gross Domestic Product?

- (a) The amount of economic growth
- (b) The total output of an economy plus income from abroad
- (c) The value of the total output of an economy
- (d) The volume of a country's exports

[1]

3 Which one of the following is **not** a feature of lean production?

- (a) Improving fault detection
- (b) Lowering productivity
- (c) Reducing the amount of energy used
- (d) Total quality management (TQM)

[1]

4 The average rate of return (ARR) for a £1.2 million investment which generates £0.45 million revenue per year for four years is:

- (a) 12.5%
- (b) 15%
- (c) 25%
- (d) 37.5%

[1]

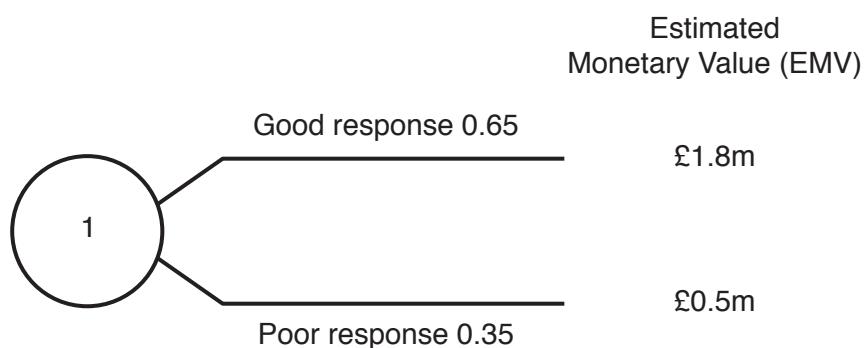
5 One reason why businesses **must** constantly change and adapt is because:

- (a) employees are inflexible
- (b) markets are competitive
- (c) objectives must be reviewed
- (d) technology increases profit


[1]

6 A company is planning to extend its range of products. An extract from its decision tree is shown below.



The expected value (EV) at node 1 is:

- (a) £0.995m
- (b) £1.17m
- (c) £1.345m
- (d) £2.3m


[1]

7 Which of the following is a benefit to a production operative of being in a trade union?

- (a) A higher rate of pay than employees at the same firm who are non-trade union members
- (b) Able to take extra days off by striking in sympathy with teachers and lecturers
- (c) Collective bargaining to improve working conditions in the factory
- (d) Employers cannot increase output targets without permission from the trade union


[1]

8 Which of the following is an element in the marketing mix of a service?

- (a) Peer assessment
- (b) Physical evidence
- (c) Population
- (d) Profit


[1]

9 Alnort Council has estimated the following times for the construction of a new sports centre:

Optimistic time (O): 13 weeks  
 Most likely time (M): 16 weeks  
 Pessimistic time (P): 25 weeks

The PERT estimated expected time for the construction of the sports centre is:

- (a) 9 weeks
- (b) 12 weeks
- (c) 16 weeks
- (d) 17 weeks


[1]

10 Which of the following is an academic training method suitable for an accounts supervisor who wishes to further their career in this functional area?

- (a) A degree in business and finance
- (b) A three-day course on how to use payroll software
- (c) An advanced apprenticeship in accountancy
- (d) An advanced diploma in marketing


[1]

11 Which of the following is a disadvantage to a business of rapid technological change?

- (a) A wider target market
- (b) Cost savings
- (c) Increased training needs
- (d) Reduced reliance on computer systems


[1]

- 12 A manager who works in a business with a decentralised organisational structure is **most** likely to have:

- (a) a wide span of control
- (b) limited opportunities for empowerment
- (c) no reason to delegate
- (d) poor decision-making skills


[1]

- 13 One way in which the 'Plan-Do-Review' cycle can improve a business' performance is by:

- (a) increasing employee workloads
- (b) learning from previous mistakes
- (c) minimising the management of change
- (d) reducing the amount of time spent on future planning


[1]

- 14 An extract from the cash-flow statement of Kashmir Cookies is shown below.

	<b>March 2019</b> <b>£ '000</b>
Total inflows	1000
Total outflows	400
Opening balance	?
Net cash-flow	600
Closing balance	500

Kashmir Cookies' opening balance for March 2019 was:

- (a) -£100 000
- (b) -£100
- (c) £100
- (d) £100 000


[1]

15 Group norms:

- (a) are explained by Adair's Three Circle theory
- (b) influence the way a team of workers behave
- (c) should be evenly distributed around the mean average
- (d) use correlations to analyse trends


[1]

## Section B

Answer **all** the questions.

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

- ## 16 Go Race! is a small business.

Analyse **one** way being a small business might benefit Go Race!

[6]

17 Refer to Table 1.

Analyse **two** reasons why it is important for Go Race! to offer customers a variety of different prices.

[9]

18\* Evaluate the risks which may have been encountered by Go Race! in its **first year** of trading. [15]





- 19 "The simulators themselves depreciate in value quite quickly." (Line 54)

- (a) Assume that a simulator bought at the start of 2018 cost £6000 new and that it depreciates by £1250 a year.

Calculate the net book value of the simulator at the start of 2020.

.....  
.....  
.....  
.....

Answer ..... [2]

- (b)\*** Evaluate how the method of depreciation used by Go Race! may affect its financial position. **[15]**





- 20 (a) Ross has calculated that the average spend per customer per visit is £17. He forecasts that, based on the data in **Fig. 2**, customer numbers will grow by 10% per month from May 2019.

Calculate the forecast total revenue earned by Go Race! in July 2019.

Answer ..... [3]

- (b)\*** Evaluate whether Ross should try to achieve his growth objective by franchising the business in the future. (Lines 64–68) **[15]**



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**END OF QUESTION PAPER**

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