AQA

Please write clearly in block capitals.

Centre number | | | | | | Candidate number | | | | |

Surname ____________________

Forename(s) ____________________

Candidate signature ____________________
I declare this is my own work.

A-level
BUSINESS

Paper 1 Business 1

Wednesday 14 May 2025 Morning Time allowed: 2 hours

Materials
For this paper you must have:
- a calculator.

Instructions
- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions in **Section A** and **Section B**.
- Answer **one** question from **Section C** and **one** question from **Section D**.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this answer book. Cross through any work you do not want to be marked.

Information
- The marks for questions are shown in brackets.
- The maximum mark for this paper is 100.

For Examiner's Use	
Question	Mark
Section A	
16	
17	
18	
19	
20	
21	
22	
23	
24	
TOTAL	

Section A

Answer **all** questions in this section.

Only **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD WRONG METHODS

If you want to change your answer you must cross out your original answer as shown.

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.

0 1 'The process of transforming raw information into useful information that can support various activities of a business.'

Which term is described above?

[1 mark]

A Big data

B Data mining

C E-commerce

D Scientific decision-making

0 2 In Porter's generic strategies, which **one** of the following would help a business to achieve a differentiation strategy?

[1 mark]

A Achieving economies of scale

B Advertising leading to higher added value

C Finding cheaper suppliers

D New production methods leading to higher labour productivity

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0 3 Options **A** to **D** show four possible changes to the UK economy.

Based **solely** on these changes, which option will lead to the largest increase in UK imports?

[1 mark]

A A fall in GDP and a fall in the exchange rate value of the pound

B A fall in GDP and a rise in the exchange rate value of the pound

C A rise in GDP and a fall in the exchange rate value of the pound

D A rise in GDP and a rise in the exchange rate value of the pound

0 4 Product 'X' was the market leader in a low growth market.

New promotions by competitors lead to rapid growth in the market.

However, Product 'X' still retains its market leadership.

In terms of the Boston Matrix, Product 'X' has changed from:

[1 mark]

A a cash cow to a question mark.

B a cash cow to a star.

C a question mark to a star.

D a star to a cash cow.

0 5 **Statement 1**: 'According to Ansoff's matrix, diversification is the most risky strategy.'

Statement 2: 'According to Ansoff's matrix, market penetration is the least risky strategy.'

Read statements 1 and 2 and select the correct option from the following:

[1 mark]

A Statement 1 is true. Statement 2 is true.

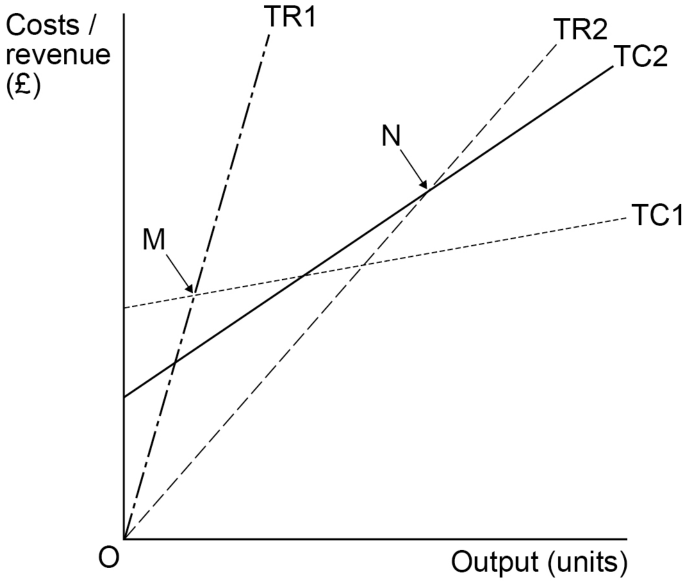
B Statement 1 is true. Statement 2 is false.

C Statement 1 is false. Statement 2 is true.

D Statement 1 is false. Statement 2 is false.

Do not write outside the box

0 6 **Figure 1** shows a situation in which there is a change in the break-even point of a product from point M to point N.



The change in break-even point from M to N has been caused by:

[1 mark]

A a fall in price and a decrease in fixed costs and an increase in variable costs per unit.

B a fall in price and an increase in fixed costs.

C a rise in price and an increase in fixed costs and a decrease in variable costs per unit.

D a rise in price and an increase in variable costs per unit.

Do not write outside the box

0 7 The data below applies to Bromley Apples Ltd for 2023–2024.

	£m
Sales revenue	20
Cost of sales	6
Operating expenses	4
Taxation	7

What is Bromley Apples Ltd's gross profit for 2023–2024?

[1 mark]

A £3m

B £10m

C £14m

D £16m

0 8 **Statement 1**: 'Retrenchment is less likely to be faced with organised resistance if the business has a low level of trade union membership.'

Statement 2: 'Retrenchment is likely to be easier to manage if a business has a high rate of labour turnover.'

Read statements 1 and 2 and select the correct option from the following:

[1 mark]

A Statement 1 is true. Statement 2 is true.

B Statement 1 is true. Statement 2 is false.

C Statement 1 is false. Statement 2 is true.

D Statement 1 is false. Statement 2 is false.

Do not write outside the box

0 9 As a small business grows, the founder starts to delegate responsibilities. Every employee will have clear procedures to follow in their jobs.

Which statement below describes the change in culture of this business?

[1 mark]

A Person culture to role culture

B Person culture to task culture

C Power culture to role culture

D Power culture to task culture

1 0 A business sets two operational objectives for its four factories:

- to achieve a minimum capacity utilisation of 80%
- to achieve a minimum labour productivity of 2 units per employee.

The table below provides data for each factory.

Which factory achieved **both** objectives?

[1 mark]

	Factory	Capacity	Output	Number of employees
A	Factory A	100	90	50
B	Factory B	100	85	45
C	Factory C	100	80	40
D	Factory D	100	75	30

Do not write outside the box

1 1 The success of a firm's employee engagement may be shown through all of the following outcomes **except**:

[1 mark]

A higher labour productivity. ⬭

B higher labour retention rates. ⬭

C higher labour turnover. ⬭

D lower absence rates. ⬭

1 2 Which **one** of the following situations is most likely to cause strategic drift?

[1 mark]

	External change	Strategic change	
A	High	High	⬭
B	High	Low	⬭
C	Low	High	⬭
D	Low	Low	⬭

Turn over for the next question

1 3 QAQ plc measures performance in its four functional areas.

The table below summarises the 'target' and 'actual' levels of performance in 2024.

Measure of performance	**Target level**	**Actual level**
Capacity utilisation (%)	90%	90%
Labour turnover (%)	17%	17%
Market share (%)	13%	15%
ROCE (%)	15%	12%

Statement 1: 'The performance in operations is better than in marketing.'

Statement 2: 'The performance in finance is better than in human resources.'

Read statements 1 and 2 and select the correct option from the following:

[1 mark]

A Statement 1 is true. Statement 2 is true. ⬭

B Statement 1 is true. Statement 2 is false. ⬭

C Statement 1 is false. Statement 2 is true. ⬭

D Statement 1 is false. Statement 2 is false. ⬭

1 4 **Statement 1**: 'Low supplier power may encourage a retailer to use a cost leadership strategy.'

Statement 2: 'A market leader may use a low-price strategy in order to create a barrier to entry.'

Read statements 1 and 2 and select the correct option from the following:

[1 mark]

A Statement 1 is true. Statement 2 is true. ⬭

B Statement 1 is true. Statement 2 is false. ⬭

C Statement 1 is false. Statement 2 is true. ⬭

D Statement 1 is false. Statement 2 is false. ⬭

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1 5 Which option below is correct in ranking these actions from long-term to short-term?

[1 mark]

A Corporate objectives → mission statement → tactics

B Corporate objectives → strategies → tactics

C Mission statement → tactics → strategies

D Tactics → strategies → mission statement

15

Turn over for Section B

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Section B

Answer **all** questions in this section.

1 6 Questions **16** and **17** are based on the data below.

Extract from accounts of Righton plc, 2024

	£m	**£m**
Non-current assets		335
Inventories	80	
Receivables	35	
Cash	40	
Payables	70	
Net current assets		85
Non-current liabilities		230
Total equity		190

Calculate the current ratio for Righton plc for 2024.

Show your working.

[4 marks]

Answer ______________________________

Working ______________________________

4

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1 7 Righton plc achieved a Return on Capital Employed (ROCE%) of 12% in 2024.

Calculate its operating profit.

Show your working.

[4 marks]

Answer ______________________________

Working ______________________________

____

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4

Turn over for the next question

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1 8 The table below shows changes to the structure of Newtown plc.

Feature	Before 2024	2024 onwards
Number of staff	3906	3616
Average span of control	5	15
Levels of hierarchy	6	4

Analyse how this restructuring of Newtown plc in 2024 might affect its speed of response to customer enquiries.

[9 marks]

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Extra space

9

Turn over for the next question

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1 9 Analyse how a government changing its fiscal policy might affect a business which produces healthcare products.

[9 marks]

Extra space

9

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2 0 Analyse how adopting an innovation strategy might affect the human resources function of a business.

[9 marks]

Extra space

9

Turn over ▶

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Section C

Answer **either** Question 21 **or** Question 22.

Shade the lozenge below to indicate which optional question you have answered.

Question 2 1 ⬭   Question 2 2 ⬭

CORRECT METHOD   WRONG METHODS

2 1 A UK business's domestic market has stopped growing. The business has decided to become a multinational corporation.

To what extent is this decision likely to increase profits?

[25 marks]

OR

2 2 The marketing department of a business wishes to increase its market share in a growing market.

To what extent is market research the most important activity of the marketing department in order to achieve this objective?

[25 marks]

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Do not write outside the box

Extra space

Do not write outside the box

Turn over ►

Do not write outside the box

Do not write outside the box

25

Turn over ►

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Section D

Answer **either** Question 23 **or** Question 24.

Shade the lozenge below to indicate which optional question you have answered.

Question 2 3 ⬭   Question 2 4 ⬭

CORRECT METHOD   WRONG METHODS

2 3 ‘The need to continue investment is the most significant difficulty facing a business which is trying to maintain a competitive advantage.’

To what extent do you agree?

Justify your view.

[25 marks]

OR

2 4 ‘A system of quality assurance will always lead to greater profits than a system of quality control.’

Do you agree?

Justify your view.

[25 marks]

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Do not write outside the box

Extra space

Do not write outside the box

Turn over ►

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25

END OF QUESTIONS

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