

Surname	Centre Number	Candidate Number
First name(s)		2



GCE A LEVEL

A510U10-1



TUESDAY, 23 MAY 2023 – MORNING

**BUSINESS – A level component 1
Business Opportunities and Functions**

2 hours 15 minutes

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
Section A	1.	4
	2.	17
	3.	10
Section B	4.	4
	5.	12
	6.	13
	7.	8
	8.	12
Total	80	

ADDITIONAL MATERIALS

In addition to this paper you may require a calculator.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen. Do not use gel pen or correction fluid.

You may use a pencil for graphs and diagrams only.

Write your name, centre number and candidate number in the spaces at the top of this page.

Answer **all** questions.

Write your answers in the spaces provided in this booklet. Additional space is provided for some questions within the booklet (if required).

If further space is required for any question, you should use the additional page(s) at the end of this booklet. The question number(s) should be clearly shown.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the necessity for good English and orderly presentation in your answers.



JUN23A510U10101

Answer **all** the questions in the spaces provided.

SECTION A

1. Markets and competition

Outline the features of the following types of market:

Monopoly

[2]

.....

.....

.....

.....

.....

.....

Monopolistic competition

[2]

.....

.....

.....

.....

.....

.....



2. Decrease the Load

In 2018, Denise set up as a sole trader and opened Decrease the Load, a launderette and ironing service, located on the high street in her hometown. Denise took out a bank loan for £20 000 to fund the start-up of her business, which she is still paying back. Since opening, Denise has attracted a small, loyal base of customers who live and work in the area. Her customers comment on how affordable her launderette is compared to others in the area and on the friendly and personal service they receive. Many of her customers who live in the town are on low incomes and do not have their own washing machine.

Denise employs two part-time members of staff whose average monthly working hours have increased since being employed. Although the launderette is normally busy, Denise is finding it very hard work competing with larger chains in the area and those offering collection and delivery services. Denise is worried about being able to afford her future rent payments. To try to increase the number of customers, this year Denise has spent more money on advertising. Denise has a maintenance and repair contract for her washing machines with a local supplier which is paid until the end of the year.

The table below shows the revenue, costs and profit for Decrease the Load for the last three trading years.

Trading year	Revenue (£)	Costs (£)	Profit (£)
2020	105 000	80 000	25 000
2021	110 000	(i)	20 000
2022	107 000	97 000	10 000

- (a) (i) Calculate Decrease the Load's costs for 2021. [1]

.....

.....

- (ii) Calculate the percentage change in revenue between 2020 and 2022. [2]

.....

.....

.....

.....



3. Geared up for growth

Rayna and Erin met in 2014 at a cycling event and have been friends ever since. In June 2021, after giving up their jobs in retail, they used their joint savings to set up RE-Cycle Ltd, a bicycle repair shop and retailer of used bikes. Rayna and Erin are the only shareholders, each owning 50% of the shares in RE-Cycle Ltd. RE-Cycle Ltd rents a small retail unit on an industrial estate in a largely non-residential part of Cambridge.

RE-Cycle Ltd has been extremely popular with customers and Rayna and Erin are ready to open a second location in a residential area of Cambridge. They estimate that they will need to raise £45 000 to finance the opening of the second shop. Rayna and Erin are considering raising the funds needed through a bank loan or share capital.

The table below provides some details for each option.

Source of finance	Details
Bank loan	Rayna and Erin have not yet approached a bank but obtained the information below by using an online loan calculator: Loan amount: £45 000 Repayment period: 60 months Fixed interest rate: 4.9% Monthly repayment: £844.95
Share capital	Rayna's uncle, Ranesh, is a retired car mechanic and is interested in buying shares in RE-Cycle Ltd. Ranesh has also offered to manage the second location when it opens. He has asked for 30% ownership of RE-Cycle Ltd in return for investing £45 000.

Evaluate the **two** sources of finance and recommend how RE-Cycle Ltd's second location should be financed. [10]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



SECTION B

4. Economies of scale

Identify **two** types of internal economies of scale and explain how each of these can lead to a change in unit costs. [4]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



5. Alpha Sierra Kilo (ASK)

ASK is a market research business that makes telephone calls to households on behalf of its clients from its call centre. ASK has recently taken on more clients and is recruiting for the newly created position of call centre supervisor to assist the call centre manager. The human resources manager is preparing a **job analysis** for the role and is planning to advertise the position internally. ASK is forecasting continued growth in the near future which could lead to more supervisor roles being created.

The human resources department produces reports for the call centre manager using internal data and industry information on **labour productivity** and labour turnover. A recent report highlighted that the average annual labour turnover for UK call centres was 26%.

The table below shows selected data provided by ASK's human resources department. A total of 4 staff left ASK in 2022.

	2020	2021	2022
Average number of staff employed	25	30	32
Labour turnover	32%	20%	?

(a) Define the term job analysis.

[2]

.....

.....

.....

.....

(b) Define the term labour productivity.

[2]

.....

.....

.....

.....

(c) Calculate the labour turnover for 2022.

[2]

.....

.....

.....

.....



(d) Analyse possible reasons for the change in ASK's labour turnover.

[6]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Additional space for Question 5(d) only.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



BLANK PAGE

**PLEASE DO NOT WRITE
ON THIS PAGE**



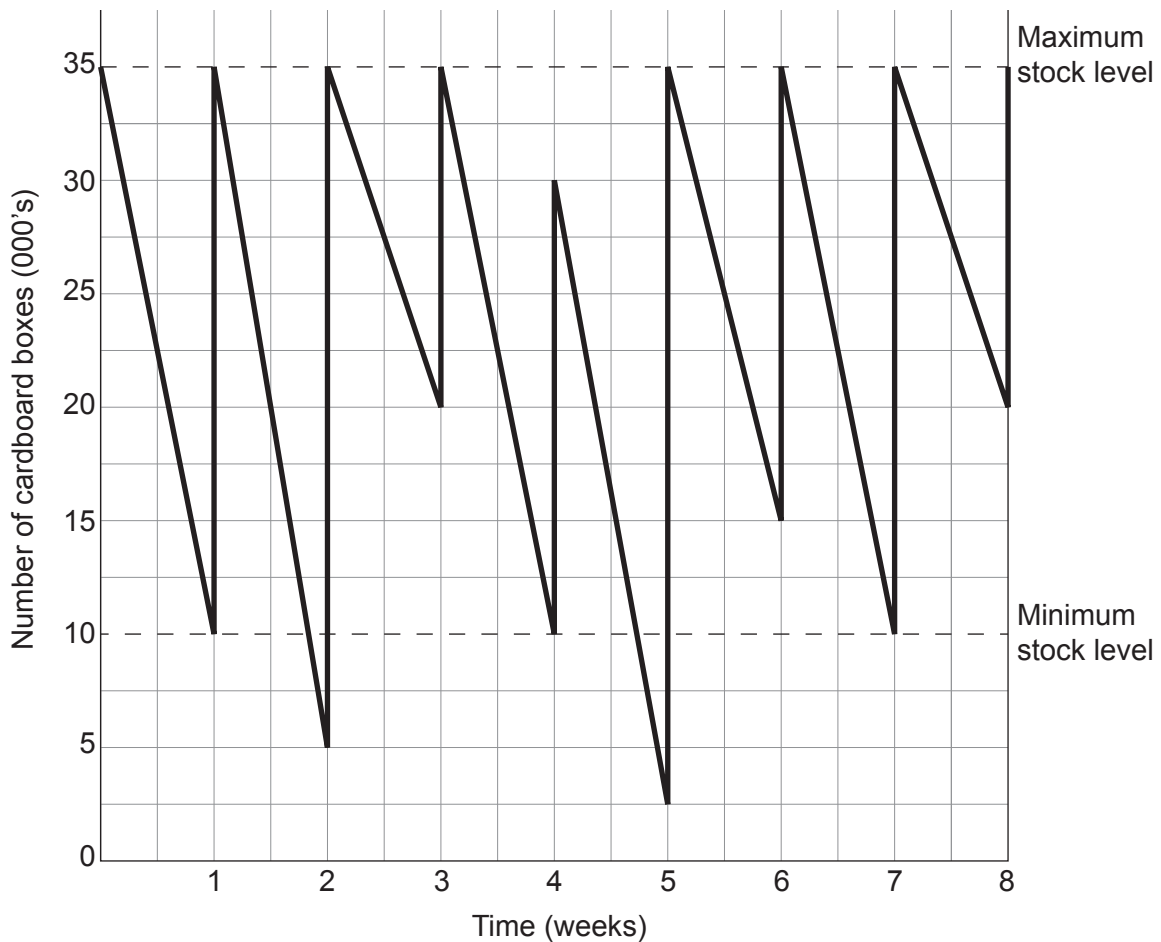
6. Thinking outside the box

Pack It Up is a business that packages fresh food and organises delivery to its customers, many of which are small businesses in the local area. Pack It Up operates from a large warehouse and rents out unused areas of its property to other businesses to generate additional income.

Pack It Up orders cardboard boxes from a supplier that delivers to its warehouse on a weekly basis. Orders are placed every Thursday by telephone after a manual stock count. These orders are delivered on the following Monday. Fresh food is then placed into the boxes and sent out for delivery to its customers. Pack it Up uses a **quality control** system.

The managing director is keen to move to a just-in-time (JIT) system as part of a wider **lean production** strategy.

Below is the stock control diagram for Pack It Up for the last 8 weeks for cardboard boxes used in the packaging of fresh food.



(a) Outline the difference between quality control and quality assurance. [2]

.....

.....

.....

.....

(b) Define the term lean production. [2]

.....

.....

.....

.....

(c) Calculate the re-order quantity for week 5. [1]

.....

.....

(d) With reference to Pack It Up's stock control diagram, describe the use of its buffer stock over the 8-week period. [2]

.....

.....

.....

.....

.....

.....



