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	
nay require a calculator.	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.



	Answer <b>all</b> the questions in the spaces provided.	Examine only
	SECTION A	
1.	Markets and competition	
	Outline the features of the following types of market:	
	Monopoly [2	]
	Monopolistic competition [2	3
		]
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#### 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 £20000 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	105000	80000	25000
2021	110 000	(i)	20000
2022	107 000	97 000	10000

(a) (i) Calculate Decrease the Load's costs for 2021.

(ii) Calculate the percentage change in revenue between 2020 and 2022.

03

3

[1]

[2]

A510U101 03

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(b)	Outline <b>two</b> possible reasons for the change in Decrease the Load's profit over the three-year period.	[4]
 (c)	Evaluate the impact of the change in profits on the stakeholders of Decrease the Loa	ad.
(C)	Evaluate the impact of the change in profits on the stakeholders of Decrease the Loa	ad. [10]
(c)	Evaluate the impact of the change in profits on the stakeholders of Decrease the Loa	
	Evaluate the impact of the change in profits on the stakeholders of Decrease the Loa	[10]
		[10]
		[10]
		[10]
		[10]



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#### 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.

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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 £45000 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: £45000 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 £45000.

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



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	SECTION B	
Ecor	omies of scale	
ldent chan	ify <b>two</b> types of internal economies of scale and explain how each of these can lead to a ge in unit costs. [4	]
•••••		
•••••		

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#### 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 20	22.			[2]



Examiner only

Examiner only Analyse possible reasons for the change in ASK's labour turnover. (d) [6] ..... ..... Additional space for Question 5(d) only. -----------



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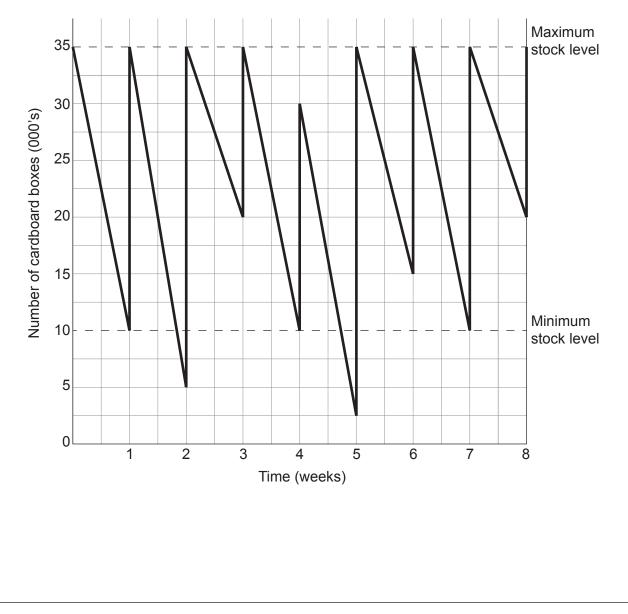
#### 6. Thinking outside the box

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 buff over the 8-week period.	er stock [2]



Examiner only Recommend whether Pack It Up should adopt a JIT system. (e) [6] ..... ..... Additional space for Question 6(e) only. ..... ------



Darren started his business two years ago making and bottling sauces, such as barbeque flavour and spicy mayonnaise. Darren only uses organic ingredients in his products as a way of differentiating his sauces from popular brands such as HP Sauces and Hellmann's. Darren sells his sauces through independent food retailers and direct to customers on his o website. Darren has recently faced increased costs such as upgrading the equipment he uses to bo sauces and has employed a part-time member of staff to help in fulfilling orders at busier ti of the year. Darren has recently changed his supplier who has been able to provide him with	owr
sauces and has employed a part-time member of staff to help in fulfilling orders at busier ti of the year. Darren has recently changed his supplier who has been able to provide him with	
larger quantities of ingredients.	me
Darren is now reviewing his pricing strategy and has decided to use either cost-plus pricing competitive pricing.	) or
Recommend whether Darren should choose a cost-plus pricing strategy or a competitive pricing strategy for his bottled sauces. Justify your decision.	[8]



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Additional space for Question 7 only.	
	••••••
Control versus empowerment	
Evaluate the view that it is always better to control, rather than empower, a workforce.	[12]
	[]
	••••••



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