



Oxford Cambridge and RSA

# A Level Business

## H431/01 Operating in a local business environment

### Monday 12 June 2017 – Afternoon

### Time allowed: 2 hours



**You must have:**

- the Resource Booklet

**You may use:**

- a calculator



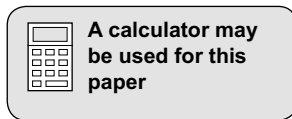
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| First name    |  |  |  |  |  |                  |  |  |  |  |
| Last name     |  |  |  |  |  |                  |  |  |  |  |
| Centre number |  |  |  |  |  | Candidate number |  |  |  |  |

#### INSTRUCTIONS

- Use black ink.
- Complete the boxes above with your name, centre number and candidate number.
- Answer **all** the questions.
- Write your answer to each question in the space provided. If additional space is required, use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the barcodes.
- 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.



## Section A

Answer **all** the questions.

1 A toiletries manufacturer uses a continuous production line to make its toothpaste. This is an example of:

(a) batch production

(b) cell production

(c) flow production

(d) job production

[1]

2 The best definition of 'market growth' is:

(a) an increase in manufacturing output

(b) an increase in market share

(c) an increase in market size

(d) an increase in monopoly power

[1]

3 A UK mining company has spent \$4 million on equipment from the USA. The exchange rate is \$1 = £0.66.

The cost of the equipment in pounds sterling is:

(a) £60 606

(b) £2 640 000

(c) £6 060 606

(d) £264 000 000

[1]

- 4 Tooko is a small shop which sells greeting cards and party gifts. The business trades as a partnership.

Which of the following sources of finance would it be **most** appropriate for Tooko to use to purchase stock?

- (a) Hire purchase
- (b) Mortgage
- (c) Sell shares
- (d) Trade credit

[1]

- 5 Which of the following is **not** a valid way to calculate profit?

- (a) Current assets minus current liabilities
- (b) Revenue minus costs
- (c) Sales minus cost of goods sold and expenses
- (d) Unit contribution multiplied by margin of safety

[1]

- 6 Which of the following is one of Porter's Five Forces?

- (a) Buyer power
- (b) Inflation
- (c) Stakeholder rivalry
- (d) Technological change

[1]

- 7 The Human Resources Manager of a shoe manufacturer has collected the following data for 2016.

| Department     | Average number of full-time staff employed | Number of staff who left during the year |
|----------------|--|--|
| Sales          | 16   | 5  |
| Marketing      | 10   | 3  |
| Production     | 24   | 4  |
| Administration | 10   | 0  |

The rate of labour turnover of the business in 2016 was:

(a) 0.2%

(b) 2.4%

(c) 20%

(d) 24%

[1]

- 8 A small business bases its cost forecasts on the previous year's costs. In 2017, it expects its fixed costs to increase by 5% and variable costs to increase by 10%.

Costs and output figures for 2016 are shown in the table below.

| Fixed Costs (£) | Variable Costs Per Unit (£) | Output in units |
|-----------------|-----------------------------|-----------------|
| 3000            | 20                          | 400             |

If output in 2017 is estimated to be 450 units, the forecasted total costs for 2017 will be:

(a) £3172

(b) £11950

(c) £12000

(d) £13050

[1]

- 9 A magazine is conducting customer research on 12 restaurants. The researchers interviewed 10 customers at random from each restaurant.

Which one of the following sampling methods is the magazine using?

- (a) Convenience sampling
- (b) Quota sampling
- (c) Random sampling
- (d) Systematic sampling

[1]

- 10 According to Locke's goal setting theory, which one of the following is **not** a requirement for effective goal-setting?

- (a) Goals have to be specific
- (b) Goals must be complex
- (c) Goals need to be challenging
- (d) Goals should be clear

[1]

- 11 A retailer has always sold children's books. It has now added children's toys and games to its product range.

Into which of the four quadrants of Ansoff's Matrix does this growth strategy fit?

- (a) Diversification
- (b) Market development
- (c) Market penetration
- (d) Product development

[1]

- 12 A company has budgeted its marketing costs to be £5,000 a month. Its actual marketing costs averaged £17,000 a quarter.

The company's percentage marketing variance is approximately:

- (a) 11.76% adverse
- (b) 13.33% adverse
- (c) 13.33% favourable
- (d) 15.00% favourable

[1]

- 13 A soft drinks manufacturer co-operating with a sports science company to develop a new sports drink is an example of:

- (a) a strategic alliance
- (b) outsourcing
- (c) trade liberalisation
- (d) value analysis

[1]

- 14 Which of the following is a benefit of political stability to a business?

- (a) Increased business risk
- (b) Increased economic certainty
- (c) Reduced buyer confidence
- (d) Reduced corporate investment

[1]

- 15 The three steps of the ATR marketing model are:

- (a) advertising, targets, results
- (b) advertising, trial, results
- (c) awareness, targets, repurchase
- (d) awareness, trial, repurchase

[1]









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**END OF QUESTION PAPER**

**ADDITIONAL ANSWER SPACE**

If additional space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margin(s).

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