

Modified Enlarged 18pt

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

**Tuesday 23 May 2023 – Morning**

**A Level Business**

**H431/01 Operating in a local business environment**

**Time allowed: 2 hours**

**plus your additional time allowance**

**YOU MUST HAVE:  
the Resource Booklet**

**YOU CAN USE:  
a calculator**

**Please write clearly in black ink.**

**Centre number**

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**Candidate number**

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**First name(s)** \_\_\_\_\_

**Last name** \_\_\_\_\_

**READ INSTRUCTIONS OVERLEAF**



## **INSTRUCTIONS**

**Use black ink.**

**Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.**

**Use the Resource Booklet to answer the questions in SECTION B.**

**Answer ALL the questions.**

## **INFORMATION**

**The total mark for this paper is 80.**

**The marks for each question are shown in brackets [ ].**

**Quality of extended response will be assessed in questions marked with an asterisk (\*).**

## **ADVICE**

**Read each question carefully before you start your answer.**

## SECTION A

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

**1 A co-operative is owned by its:**

(a) competitors

(b) external stakeholders

(c) members

(d) shareholders

[1]

**2 A company frequently changes the way its assets are valued in its published accounts.**

**Which accounting convention has the company ignored? [1]**

(a) Accruals

(b) Consistency

(c) Going concern

(d) Prudence

**3** Canta Ltd makes drum kits. The company has fixed costs of £18 000 per year. The average selling price for a drum kit is £690. The variable cost to make one drum kit is £440.

How many drum kits does Canta Ltd need to sell to earn a profit of £27 000 per year? [1]

(a) 40

(b) 72

(c) 108

(d) 180

**4** When making strategic decisions, opportunity cost should be:

(a) avoided

(b) considered

(c) ignored

(d) maximised  [1]

**5 Which needs does McClelland identify in his theory of motivation? [1]**

**(a) Achievement, affiliation, power**

**(b) Challenge, commitment, feedback**

**(c) Individual, task, team**

**(d) Psychological, safety, social**

**6 What is an example of a factor of production for a hospital? [1]**

**(a) Finance used to buy new beds**

**(b) Patient waiting times**

**(c) Salaries of doctors**

**(d) X-ray machines**

**7 The owner of a hair salon wishes to open a second salon in a nearby town.**

**What might be a barrier to change for the owner? [1]**

**(a) A fall in interest rates**

**(b) A flexible workforce**

**(c) A lack of finance**

**(d) A trading bloc**

8 Which of the following are elements in the marketing mix for a service? [1]

(a) people and profit

(b) planning and physical evidence

(c) price and productivity

(d) process and promotion

9 An income statement for SPT Ltd is shown below.

	£000	£000
Revenue	550	
Cost of sales	170	
<b>GROSS PROFIT</b>		<b>380</b>
Expenses	120	
<b>OPERATING PROFIT</b>		<b>260</b>
Finance costs	9	
<b>PROFIT BEFORE TAX</b>		<b>251</b>
Tax	45	
Dividends	96	

SPT Ltd's retained profit is:

(a) £110 000

(b) £206 000

(c) £302 000

(d) £392 000

[1]

**10 What is MOST likely to be an objective of the operations management function? [1]**

**(a) Improving liquidity**

**(b) Introducing total quality management**

**(c) Minimising added value**

**(d) Reducing lean production**

**11 A partnership is owned by two sisters. The partnership ceases trading with debts of £80 000.**

**What is the legal liability of the sisters? [1]**

**(a) Each sister is jointly liable for the full £80 000 of debt**

**(b) Each sister must pay back £40 000 of the debt**

**(c) The sisters do not have to repay the debts**

**(d) The sisters must repay the full £80 000 plus bankruptcy charges**

**12 What is NOT a constraint on management? [1]**

- (a) A high level of employee trade union membership**
- (b) Strong competition within the market**
- (c) The aims and objectives of the business**
- (d) The owners' positive attitude towards risk**

**13 Market dominance is MOST likely to occur when:**

- (a) a large number of new firms enter a market**
- (b) businesses in an oligopolistic market merge**
- (c) one small business acquires another small business**
- (d) two medium-sized businesses form a joint venture**  **[1]**

**14 An independent café has decided to lower its prices.**

**Which external influence is likely to have led to this change in marketing strategy? [1]**

- (a) A shortage in the supply of coffee beans**
- (b) An increase in the national minimum wage**
- (c) More local workers choose to eat out at lunch time**
- (d) The closure of a major local employer**

- 15 A business uses a three-year moving average to calculate the annual cyclical variation of its sales. Sales figures for previous years are shown in the table.

Year	Sales
2018	£32 million
2019	£35 million
2020	£34 million
2021	£38 million
2022	£36 million

The cyclical variation of sales in 2021 was:

- (a) – £3 million
- (b) – £2 million
- (c) + £2 million
- (d) + £3 million  [1]



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