OCR
Oxford Cambridge and RSA

Wednesday 25 May 2022 – Afternoon

A Level Business

H431/01 Operating in a local business environment

Time allowed: 2 hours

You must have:
- the Resource Booklet

You can use:
- a calculator

Please write clearly in black ink. **Do not write in the barcodes.**

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

First name(s) _____

Last name _____

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 (*).
- This document has **20** pages.

ADVICE
- Read each question carefully before you start your answer.

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Section A

Answer **all** the questions.

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

1 What would **not** be used to measure the size of a business?

(a) Capital employed ☐

(b) Non-current asset turnover ☐

(c) Number of employees ☐

(d) Stock market value ☐

[1]

2 Delayering:

(a) allows decision making to take place away from head office ☐

(b) breaks down a complex task into smaller more specialist tasks ☐

(c) reallocates the completion of an activity to a subordinate ☐

(d) reduces the number of levels in a hierarchical organisation ☐

[1]

3 What is an example of poor customer service in the railway industry?

(a) Charging high prices to passengers who wish to travel at peak times ☐

(b) Having a complex and unreliable website for booking tickets ☐

(c) Only offering an at-seat drinks service to first class passengers ☐

(d) Rescheduling or cancelling trains when weather conditions are poor ☐

[1]

4 What would be found on a company's income statement?

(a) Average revenue ☐

(b) Cost of sales ☐

(c) Dividend yield ☐

(d) Working capital ☐

[1]

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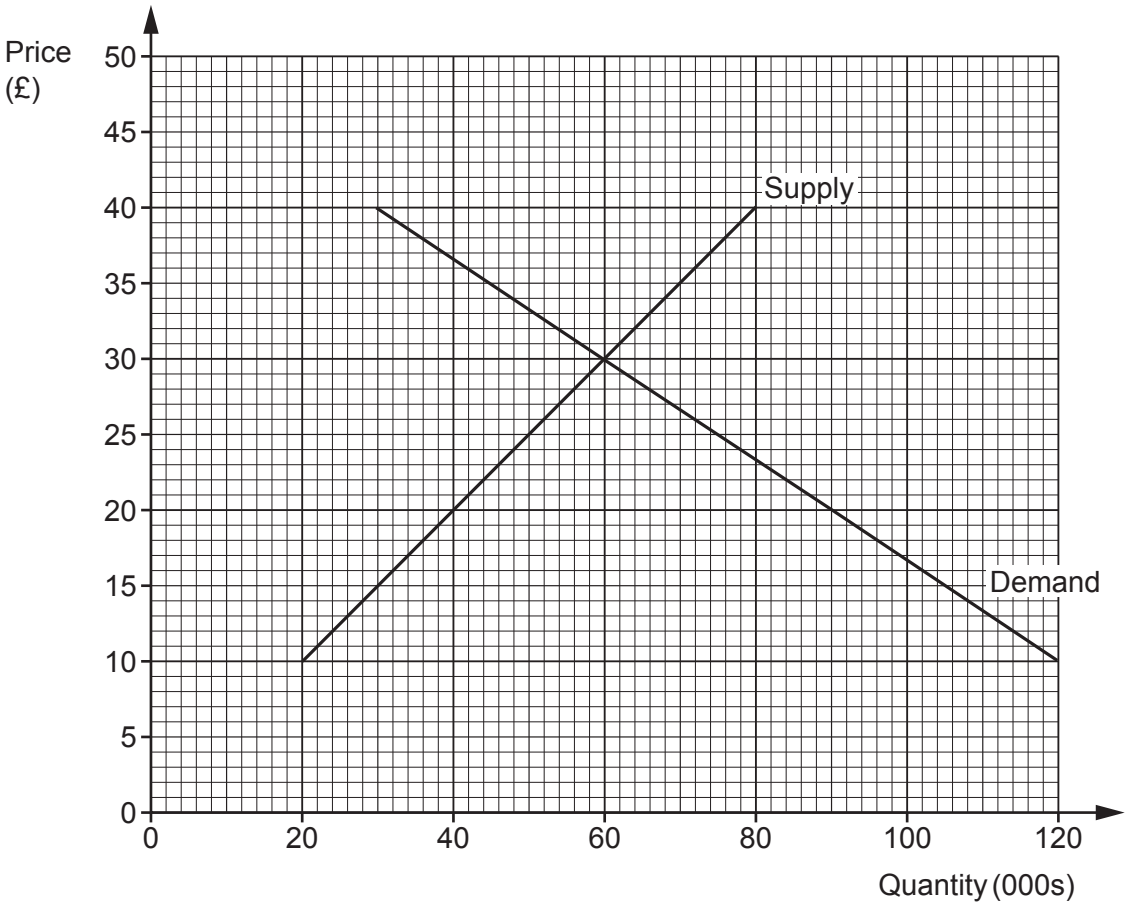
5 The diagram below shows the market for a new product.



If the product is sold for £20, the market would experience:

(a) a shortage of 20 000 units ☐

(b) a shortage of 50 000 units ☐

(c) an excess supply of 30 000 units ☐

(d) an excess supply of 60 000 units ☐

[1]

6 A business that improves its ethical working practices is **most** likely to experience:

(a) a reduction in costs ☐

(b) improved levels of motivation ☐

(c) increased labour turnover ☐

(d) whistle blowing ☐

[1]

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7 Which of the following is a primary sector organisation?

(a) A charity shop ☐

(b) A council-owned children's nursery ☐

(c) A shoe manufacturer ☐

(d) A wheat farm ☐

[1]

8 Last year, a supermarket with seven employees recorded a sales revenue of £410 000.

The supermarket's labour productivity was:

(a) 58.57% ☐

(b) 58 571% ☐

(c) £58 571 per employee ☐

(d) £5 857 143 per employee ☐

[1]

9 Which accounting concept requires a business to base its financial accounts on figures that can be checked?

(a) Materiality ☐

(b) Objectivity ☐

(c) Prudence ☐

(d) Realisation ☐

[1]

10 For what reason could a business encounter legal action?

(a) Breaking a contract to supply goods ☐

(b) Ignoring changes in demographic data ☐

(c) Maintaining diversity within the workforce ☐

(d) Preventing discrimination in the workplace ☐

[1]

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11 Amit goes to his local convenience store to buy a box of chocolates.

What is this an example of?

(a) A marketing strategy ☐

(b) A planned purchase ☐

(c) An extension strategy ☐

(d) An impulse purchase ☐

[1]

12 One advantage of operating as a private limited company rather than as a sole trader is:

(a) being able to employ staff ☐

(b) business continuity ☐

(c) having fewer legal requirements ☐

(d) unlimited liability ☐

[1]

13 Taylor & Co Ltd's cash-flow statement for the past three months of trading is shown below.

	Month 1	**Month 2**	**Month 3**
Cash inflows	£200 000	£230 000	£220 000
Cash outflows	£210 000	£220 000	£200 000
Net cash inflow	(£10 000)	£10 000	£20 000
Opening balance	(£50 000)	(£60 000)	(£50 000)
Closing balance	(£60 000)	(£50 000)	(£30 000)

According to the cash-flow statement, which of the following is true?

(a) The company has £30 000 in the bank at the end of Month 3 ☐

(b) The company has made a profit of £20 000 ☐

(c) The company's bank account was never overdrawn ☐

(d) The company's net cash inflow improved each month ☐

[1]

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14 The quality control process focuses on:

(a) avoiding mistakes ☐

(b) correcting mistakes ☐

(c) inspecting for mistakes ☐

(d) learning from mistakes ☐

[1]

15 A shop is open from 7 a.m. to 8 p.m., six days a week, throughout the year. The shop currently employs seven sales assistants. At least three sales assistants need to be on duty at any given time.

Which way of working is **most** suitable for the role of sales assistant at this shop?

(a) Flexi-time working ☐

(b) Part-time working ☐

(c) Remote working ☐

(d) Term-time working ☐

[1]

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Section B

Answer **all** the questions.

Use the information provided in the **Resource Booklet** to answer the following questions.

16 "When Leo started LDEA he faced a lot of uncertainty. This has not changed, even though the business is 23 years old." (Lines 6–7)

Analyse how **one internal** cause of uncertainty may affect LDEA in the next 12 months.

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17* Leo is considering introducing "a bonus system based on an employee's contribution to LDEA." (Line 34)

Discuss how Leo might evaluate an employee's contribution to LDEA. **[15]**

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18* Evaluate how an increase in interest rates might affect LDEA. **[15]**

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19 Leo has been able to obtain Carrolls' sales figures for the start of 2022. These are shown in the table below.

Month	**Sales**	**Three-month sales total**	**Three-month moving average**
January	22		
February	25	75	25
March	28	81	27
April	28		
May	22		

(a) The average price of a property sold by Carrolls in March is £400 000. Carrolls currently charges a selling fee of 1% on the price of a property.

Calculate the total selling fee earned by Carrolls in March.

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Answer ..... **[3]**

(b) Calculate Carrolls' three-month moving average for April.

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Answer ..... **[2]**

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20 Analyse **one** advantage and **one** disadvantage for Leo of using time series analysis to forecast sales.

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21* Evaluate whether LDEA should buy Carrolls. **[15]**

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