

Please write clearly in block capitals.

Centre number

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Candidate number

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Surname

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Forename(s)

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Candidate signature

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I declare this is my own work.

# A-level BUSINESS

## Paper 1 Business 1

Time allowed: 2 hours

### Materials

For this paper you must have:

- a calculator.

### Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions in **Section A** and **Section B**.
- Answer **one** question from **Section C** and **one** question from **Section D**.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this answer book. Cross through any work you do not want to be marked.

### Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 100.

For Examiner's Use	
Question	Mark
Section A	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
<b>TOTAL</b>	



**Section A**Answer **all** questions in this section.Only **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD



WRONG METHODS



If you want to change your answer you must cross out your original answer as shown.



If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.

**0 1**

The managers of a business propose to retain all of its profit to finance automation of its production. This is most likely to cause conflict with:

**[1 mark]****A** employees and lenders.☐**B** employees and shareholders.☐**C** lenders and suppliers.☐**D** shareholders and suppliers.☐**0 2**

A business is able to reduce unit costs because of lessons learned throughout the period in which it has existed. This is known as:

**[1 mark]****A** economies of scale.☐**B** economies of scope.☐**C** synergy.☐**D** the experience curve.☐

**0 3**

In a decision tree the net gain of a decision is the:

**[1 mark]**

- A** average pay-off of the outcomes.
- B** expected value of the best decision minus the expected value of the next best decision.
- C** expected value minus the initial cost.
- D** total pay-off of the outcomes minus the initial cost.

☐☐☐☐**0 4**

Which one of these changes is most likely to lead to higher costs and higher demand for a product?

**[1 mark]**

- A** An increase in the rate of inflation
- B** A rise in interest rates
- C** Introducing fair trade principles
- D** More competition

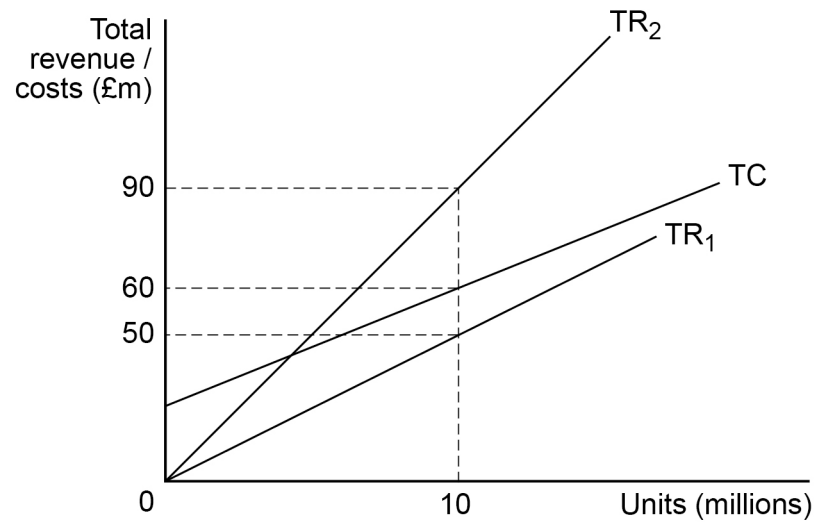
☐☐☐☐

**Turn over for the next question**

**Turn over ►**

0 5

The diagram below shows a breakeven chart.



The business produces and sells 10 million units of output. Price rises from £5 to £9. As a result, profit changes:

[1 mark]

- A** from minus £10m to £30m.
- B** from minus £10m to £40m.
- C** from £10m to £30m.
- D** from £10m to £40m.

☐
☐
☐
☐


0 6

Stated below are three possible changes for a business.

1. A reduction in wage levels.
2. An increase in labour productivity.
3. An increase in labour turnover.

Other things being equal, which of the following changes is the most likely to lead to an increase in employee costs as a percentage of turnover?

[1 mark]

A 1 and 2 only

☐

B 2 and 3 only

☐

C 2 only

☐

D 3 only

☐

0 7

The owner of a business which sells hot drinks asks a focus group of customers for their views. This market research reveals that customers prefer to have cakes with their drinks. In terms of Ansoff's matrix, the subsequent decision to introduce cakes is an example of:

[1 mark]

A diversification, resulting from qualitative market research.

☐

B diversification, resulting from quantitative market research.

☐

C product development, resulting from qualitative market research.

☐

D product development, resulting from quantitative market research.

☐

0 8

A product's price rises by 20% and its sales volume falls by 10%. All of its competitors leave their prices unchanged. The product's market share, as measured by sales volume, remains the same.

Which of these statements is **false**?

[1 mark]

A The market size, measured by volume, remains unchanged.

☐

B The product's market share, measured by value, increases.

☐

C The product's price elasticity of demand is inelastic.

☐

D The product's sales value rises.

☐

Turn over ►



0 9

**Statement 1:** 'In a network diagram, the path with the lowest total float time is the critical path.'

**Statement 2:** 'In a network diagram, at least one activity must have a float time.'

**Read statements 1 and 2** and select the correct option from the following options.

**[1 mark]**

**A** Statement 1 is true. Statement 2 is true.

☐

**B** Statement 1 is true. Statement 2 is false.

☐

**C** Statement 1 is false. Statement 2 is true.

☐

**D** Statement 1 is false. Statement 2 is false.

☐

1 0

**Statement 1:** 'A business might improve the quality of its product in order to make its demand more price elastic.'

**Statement 2:** 'A business might improve the quality of its product in order to increase added value.'

**Read Statements 1 and 2** and select the correct option from the following options.

**[1 mark]**

**A** Statement 1 is true. Statement 2 is true.

☐

**B** Statement 1 is true. Statement 2 is false.

☐

**C** Statement 1 is false. Statement 2 is true.

☐

**D** Statement 1 is false. Statement 2 is false.

☐


1 1

**Statement 1:** 'In a SWOT analysis, improvements in infrastructure are a strength for a business.'

**Statement 2:** 'In a SWOT analysis, an increase in the minimum wage may be a threat to a business.'

**Read Statements 1 and 2** and select the correct option from the following options.

[1 mark]

**A** Statement 1 is true. Statement 2 is true.

☐

**B** Statement 1 is true. Statement 2 is false.

☐

**C** Statement 1 is false. Statement 2 is true.

☐

**D** Statement 1 is false. Statement 2 is false.

☐

1 2

Based on Kaplan & Norton's Balanced Scorecard model, a policy to increase Research and Development spending on new products by 5% would be an element of the:

[1 mark]

**A** customer perspective.

☐

**B** financial perspective.

☐

**C** internal business process perspective.

☐

**D** learning and growth perspective.

☐

1 3

Which one of the following is **least** likely to be an advantage of operating in a niche market for a small business?

[1 mark]

**A** Economies of scope

☐

**B** Focused marketing

☐

**C** Less competition

☐

**D** Opportunity for tailor-made products

☐

Turn over ►



1 4

**Statement 1:** 'An emergent strategy only occurs in response to external change.'

**Statement 2:** 'Strategic drift occurs whenever a business changes a planned strategy.'

**Read statements 1 and 2** and select the correct option from the following options:

[1 mark]

**A** Statement 1 is true. Statement 2 is true.

☐

**B** Statement 1 is true. Statement 2 is false.

☐

**C** Statement 1 is false. Statement 2 is true.

☐

**D** Statement 1 is false. Statement 2 is false.

☐

1 5

A business's decision to increase its level of capital expenditure is most likely to:

[1 mark]

**A** achieve long-term growth.

☐

**B** achieve short-term profits.

☐

**C** avoid cash flow problems.

☐

**D** reduce gearing levels.

☐




## Section B

Answer **all** questions in this section.

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Questions 16, 17 and 18 are based on the data provided in **Table 1** below.

**Table 1** includes all of Magpie plc's current assets and current liabilities at the end of its financial year, ending 31 March 2021. The inventory level on 31 March 2021 is identical to the average level of inventory held during the year.

**Table 1 Extracts from financial accounts of Magpie plc**

Item	(£m)
Sales revenue	80
Cost of sales	50
Bank overdraft	7
Inventory	8
Payables	12
Receivables	17

1 6

Calculate the inventory turnover of Magpie plc.

[2 marks]

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1 7

Calculate the payables days for Magpie plc.

[3 marks]

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2

3

Turn over ►



1	8
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Calculate the current ratio for Magpie plc.

**[3 marks]**

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**3**



**[9 marks]**

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找名导师，用小草线上辅导（微信小程序同名）

9

**[9 marks]**

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Analyse why a business might choose to use labour intensive processes rather than capital intensive processes.

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9

Answer **either** Question 22 **or** Question 23.

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Question 

2	3	
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**[25 marks]**

2	3	Will the increased use of e-commerce lead to all retailers operating only online?
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**[25 marks]**

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Turn over ►



Answer **either** Question 24 **or** Question 25.

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CORRECT METHOD



2	4
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**[25 marks]**

2	5
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To what extent should businesses avoid the use of flexible employment contracts?

**[25 marks]**

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**Turn over ►**



[illegible]





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ANSWER IN THE SPACES PROVIDED**

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