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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

Friday 22 May 2020

Morning

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	
<b>TOTAL</b>	



J U N 2 0 7 1 3 2 1 0 1

**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 process of transforming raw information into useful information that can support various activities of a business'.

The definition above most accurately describes

**[1 mark]****A** data mining.**B** e-commerce.**C** enterprise resource planning.**D** gathering big data.**0 2**

Despite a significant increase in its sales revenue, a product's market share falls from 60% to 50%.

This product is a

**[1 mark]****A** cash cow.**B** dog.**C** problem child/question mark.**D** star.

0 3

**Statement 1:** 'An increase in its level of capacity utilisation can help a business because it allows it more time for maintenance and repair of equipment.'

**Statement 2:** 'An increase in its level of capacity utilisation can help a business because it allows it to meet unexpected increases in demand.'

**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.

0 4

The table below shows data from a company's accounts.

Item	£ (million)
Cost of sales	4
Other expenses	3
Sales revenue	12
Taxation	2

The company's operating profit is

[1 mark]

**A** £3 million.

**B** £5 million.

**C** £6 million.

**D** £8 million.

Turn over ►



0 5

**Statement 1:** 'Lean production should reduce unit costs because it involves a business buying raw materials in greater bulk.'

**Statement 2:** 'Lean production should reduce unit costs because it reduces wastage of raw materials.'

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.

0 6

The table below shows four possible scenarios.

Scenario	Managers' willingness to make internal changes	Likelihood of external changes in market
A	High	High
B	High	Low
C	Low	High
D	Low	Low

In which of these scenarios is strategic drift **least** likely to occur?

[1 mark]

A Scenario A

B Scenario B

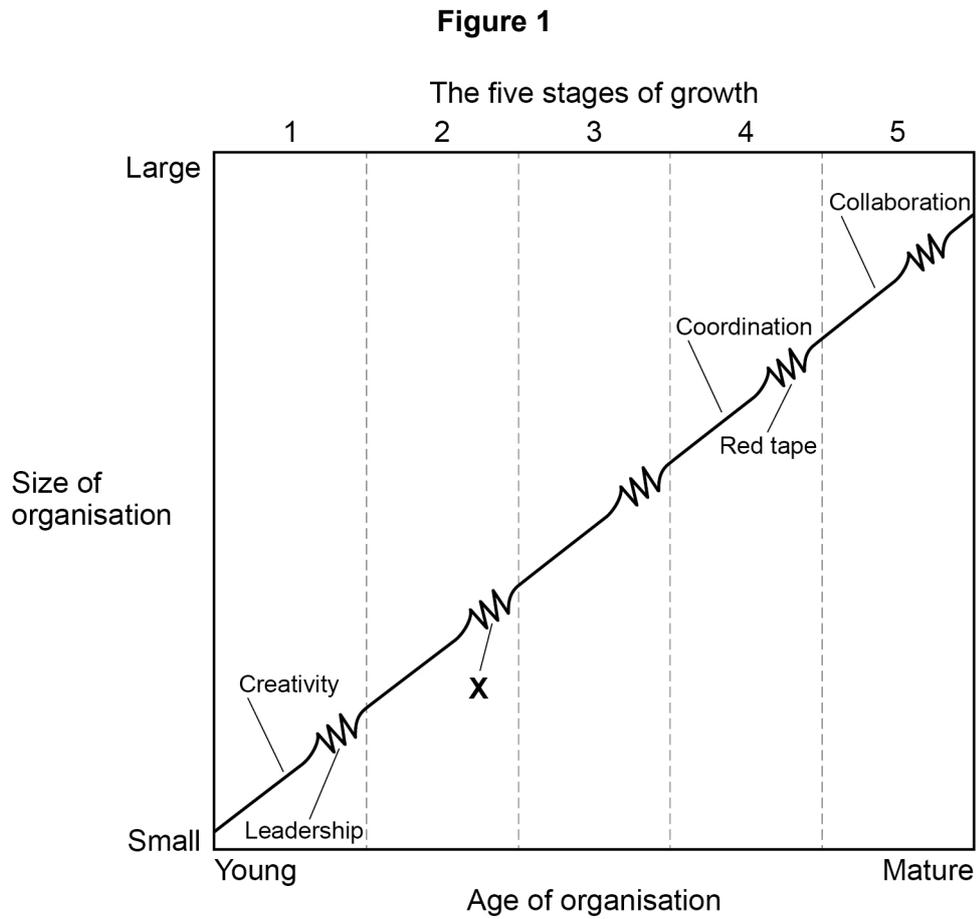
C Scenario C

D Scenario D



0 7

Figure 1 shows Greiner's five stages of growth.



Point 'X' shows the crisis of

[1 mark]

- A autonomy at the end of the delegation stage.
- B autonomy at the end of the direction stage.
- C control at the end of the delegation stage.
- D control at the end of the direction stage.





Turn over ►



0 8

Which one of the following perspectives is **not** used by Kaplan and Norton's balanced scorecard?

[1 mark]

A Customer

B External businesses

C Financial

D Learning and growth

0 9

The table below shows the net annual return of an investment.

Year	Net return (£000s)
0	(1000)
1	500
2	900

After two years, the ARR (%) for this investment is

[1 mark]

A 90%

B 70%

C 40%

D 20%



1 0

The table below shows the two different management styles used by managers in four companies.

Company	Management styles
A	'Country club' and 'Impoverished'
B	'Produce or perish' and 'Team leader'
C	'Produce or perish' and 'Impoverished'
D	'Country club' and 'Team leader'

Which company is **most** likely to use a soft human resource management approach?

[1 mark]

A Company A

B Company B

C Company C

D Company D

1 1

**Statement 1:** 'External growth requires a business to integrate with another business that is located in a different country.'

**Statement 2:** 'Organic growth requires a business to use its own resources to expand its size.'

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.

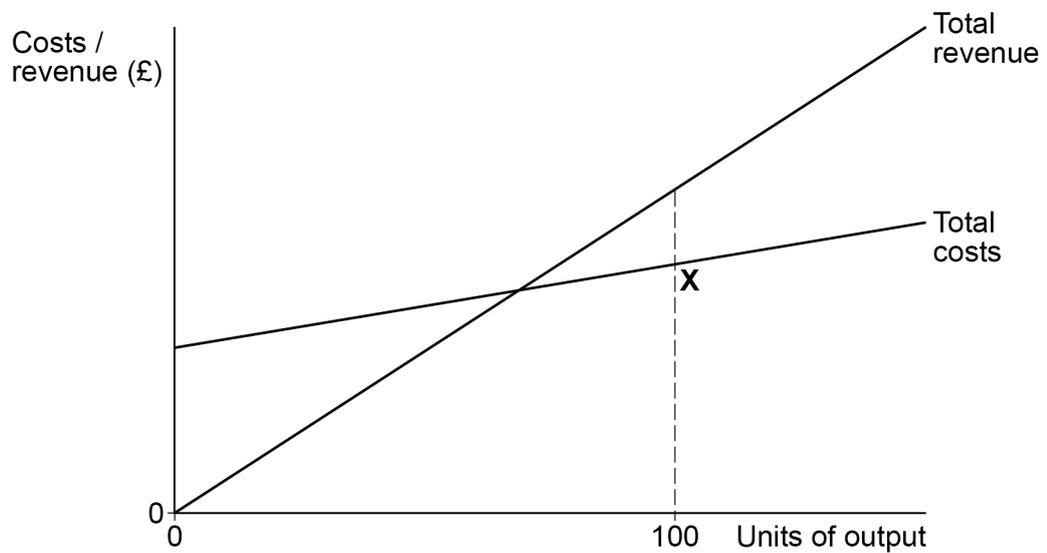
Turn over ►



1 2

The diagram below shows the original breakeven chart for a product.

**Figure 2**



The product's fixed costs then decrease and its variable costs per unit increase such that, at its current output of 100 units, the total costs are still the same, as shown by point X.

Which one of these statements is correct?

**[1 mark]**

- A** Its break-even output falls and its margin of safety increases.
- B** Its break-even output increases and its margin of safety falls.
- C** Its break-even output and its margin of safety remain the same.
- D** Its break-even output remains the same and its margin of safety increases.



**1 3**

A business's competitive advantage is based on innovation. Hofstede's national cultures model includes indices for uncertainty avoidance (UAI) and power distance (PD).

Based only on Hofstede's national cultures, this business would benefit most from locating in a country with

**[1 mark]**

**A** a high UAI index and a high PD index.

**B** a high UAI index and a low PD index.

**C** a low UAI index and a high PD index.

**D** a low UAI index and a low PD index.

**1 4**

**Statement 1:** 'Usually there is a negative correlation between changes in consumers' incomes and changes in the quantity demanded of a product.'

**Statement 2:** 'Usually there is a positive correlation between changes in the price of a competitor's product and changes in the quantity demanded of a product.'

**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.

**Turn over for the next question**

**Turn over ►**

1 5

A business sells four products.

The table below shows the price elasticity of demand and income elasticity of demand for the four products.

Product	Price elasticity of demand	Income elasticity of demand
A	-1.5	-1
B	-1.5	+1
C	-0.5	-1
D	-0.5	+1

A year ago, all four products had identical sales volumes. Since then, each product has had the same percentage cut in price and there has also been a fall in consumer incomes.

Which **one** of these products has the highest sales volume now?

[1 mark]

**A** Product A

**B** Product B

**C** Product C

**D** Product D

15



**Section B**

Answer **all** questions in this section.

**1 6**

The table below shows a company's budgeted income and expenditure for 2019.

Income	£80 million
Expenditure	£70 million

At the end of the year the actual income and expenditure are as follows:

- income is 5% below the budgeted figure
- expenditure is 10% higher than the budgeted figure.

Calculate the profit variance and state whether it is adverse or favourable.

**[4 marks]**

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**4**

**Turn over for the next question**

**Turn over ►**



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1 7

The data below relates to a factory.

- Capacity = 180 units per day
- Number of employees = 16
- Wages per day = £60 per employee
- Selling price of product = £15 per unit
- Capacity utilisation of factory = 80%

Assuming that all output is sold, calculate the factory's employee costs as a percentage of turnover.

**[4 marks]**

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4

































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