OCR
Oxford Cambridge and RSA

Tuesday 20 May 2025 – Morning

A Level Business

H431/02 The UK 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 **16** pages.

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

Section A

1 Define the term 'business plan'.

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.... **[2]**

2 State **two** types of communication media a business may use.

1 ....

2 ....

[2]

3 A UK-based business exports its products to Greece, which uses the Euro (€) as its currency. The product's selling price, including transportation, is £165.

If the exchange rate is £1 = €1.22, calculate the price paid in Euros by a Greek importer. Show your working.

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Answer = € .... **[2]**

4 Explain **two** reasons why the dismissal of an employee would be considered unfair.

1 ....

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2 ....

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[4]

5 Explain **one** reason why a business may choose to operate in each of the following markets:

Physical market ....

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Non-physical market ....

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[4]

6 State **two** characteristics of a public limited company.

1 ....

2 ....
[2]

7 A business buys a new vehicle for £35 000. The Finance Director is considering which method of depreciation to use.

Option 1: Straight line method
The vehicle will be depreciated over a five-year period with no residual value.

Option 2: Reducing balance method
The vehicle will be depreciated at a rate of 25% per year.

Using both these options, calculate the difference between the recorded value for each option at the end of Year one. Show your working.

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Answer = £ .... **[4]**

Section B

Use the **Resource Booklet** to answer the questions.

8 Analyse **one** likely benefit of innovation for Coffee#1.

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.... [4]

9 Evaluate whether ratio analysis is useful in assessing the performance of Coffee#1. [9]

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10 SJW Ltd is a supplier to many coffee stores, including Coffee#1. SJW Ltd has been asked by its bank for a cash-flow forecast for the next 6 months. The Finance Director of SJW Ltd is producing this cash-flow forecast, but it is not yet complete.

	June £	**July £**	**August £**	**September £**	**October £**	**November £**
Revenue	48000	48000	56000	50000	58000	
Raw materials	24000	28000	25000	29000	39000	25000
Labour costs	15000	15000	20000	20000	21000	18000
Utilities	5000	5000	6000	7000	7000	
Interest	2000	2000	2000	2000	2000	2000
Net cash flow	2000	(2000)	3000	(8000)	(11000)	
Opening balance	3000	5000	3000	6000	(2000)	
Closing balance	5000	3000	6000	(2000)	(13000)	

(a) The Finance Director has just received the final data needed to complete the cash-flow forecast. Revenue in November is forecast to be £78000, and utilities in November are forecast to be £9000.

Calculate the closing balance for November. Show your working.

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Answer = £ .... **[3]**

(b) State the minimum level of bank overdraft that SJW Ltd will need to arrange for this 6-month period.

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Answer = £ .... **[1]**

11* Recommend how Coffee#1 could use flexible working practices. Justify your recommendation.
[15]

12 Evaluate **two** ways that poor customer service may affect Coffee#1's stakeholders. **[9]**

13 Analyse how **one** barrier to entry may affect Coffee#1's growth plans (**Extract D**).

[4]

14* Coffee#1 has announced it will accelerate its growth plans.

Evaluate the importance of different market research techniques to ensure Coffee#1's expansion is a success. **[15]**

END OF QUESTION PAPER

DO NOT WRITE ON THIS PAGE