OCR
Oxford Cambridge and RSA

Wednesday 14 May 2025 – Morning

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.

Section A

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

1 Profits made by a co-operative are:

(a) distributed to shareholders ☐

(b) donated to charity ☐

(c) paid to central government ☐

(d) shared between members ☐

[1]

2 What is a correct way to calculate added value?

(a) Actual cost minus budgeted cost ☐

(b) Current assets minus current liabilities ☐

(c) Margin of safety multiplied by unit contribution ☐

(d) Selling price minus cost of inputs ☐

[1]

3 One way a school can act in a more sustainable manner is by:

(a) purchasing e-textbooks rather than paper copies ☐

(b) raising money for local animal welfare charities ☐

(c) removing the onsite chocolate bar vending machine ☐

(d) sending broken laptops and tablets to landfill ☐

[1]

4 An advantage of producing a budget is that it:

(a) sets no specific limits on spending ☐

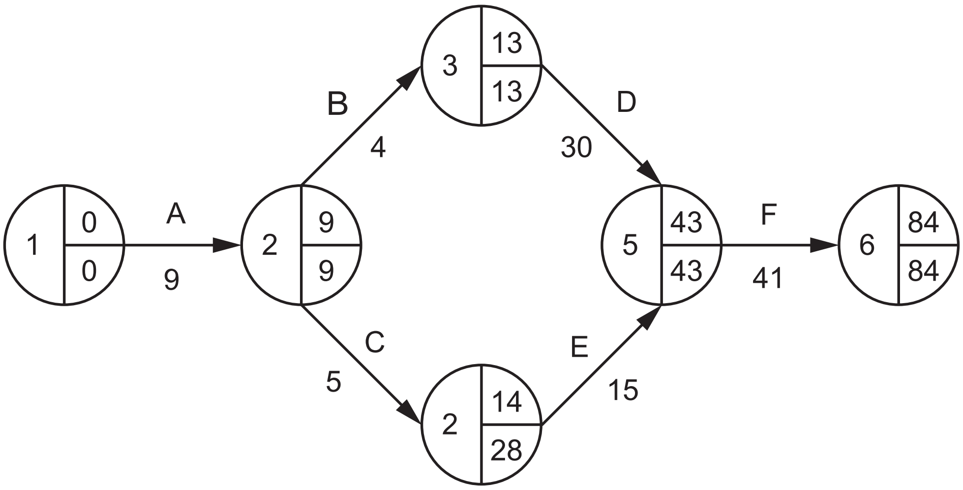
(b) will automatically be fixed at the same level as the previous year ☐

(c) will be increased by a set percentage each year ☐

(d) will provide information to help managers monitor performance ☐

[1]

5 The schedule for a project is shown in the network diagram. All timings are in weeks.



Assuming no other changes, if activity C takes twice as long as expected, how many weeks will this delay the completion of the project?

(a) 0

(b) 1

(c) 4

(d) 5

[1]

6 A mission statement:

(a) can be used as a marketing tool

(b) is a financial document

(c) limits corporate vision

(d) turns tactical objectives into a strategy

[1]

7 What is **not** an example of lean production for a tomato ketchup manufacturer?

(a) Creating quality circles to solve problems in the bottling area

(b) Improving the ergonomic layout of the food preparation area

(c) Producing each bottle of tomato ketchup using job production

(d) Using just in time (JIT) to keep stocks of tomatoes to a minimum

[1]

8 What is a form of external growth?

(a) A dominant firm ☐

(b) A strategic alliance ☐

(c) A works council ☐

(d) International trade ☐

[1]

9 Organisational culture:

(a) attempts to explain consumer buying behaviour ☐

(b) evaluates the function, cost, and aesthetics of new products ☐

(c) reflects the attitudes, values, and beliefs of a business ☐

(d) requires the involvement of a trade union ☐

[1]

10 An income statement for APL plc is shown.

	£m	**£m**
Revenue	880	
Cost of sales	340	
Gross profit		540
Expenses	220	
Operating profit		?
Finance costs	21	
Profit before tax		299
Tax	74	
Dividends	45	
Retained profit		180

What is APL plc's operating profit for the year?

(a) £278m ☐

(b) £320m ☐

(c) £760m ☐

(d) £1420m ☐

[1]

11 A farmer agrees to supply a supermarket with rhubarb every month for a year at a set price. Part way through the year the farmer receives an offer from a restaurant to purchase the rhubarb at a higher price. The farmer stops supplying the supermarket and begins supplying the restaurant.

Which type of legislation does the farmer appear to have **not** followed?

(a) Consumer protection law

(b) Contract law

(c) Financial conduct law

(d) Intellectual property law

[1]

12 Which statement about contingency planning and crisis management is correct?

(a) Contingency planning is essential, crisis management is optional

(b) Contingency planning is internal, crisis management is external

(c) Crisis management is quantitative, contingency planning is qualitative

(d) Crisis management is reactive, contingency planning is proactive

[1]

13 What is **most** likely to be a marketing objective for a toy manufacturer?

(a) Double the sales of its toys to girls of secondary school age

(b) Improve the productivity of its action figure output by 5%

(c) Reduce its advertising elasticity of demand from 1.6 to 1.3

(d) Use the Boston Matrix to include more 'dogs' in its product portfolio

[1]

14 Emerging markets:

(a) decrease the size of the global market

(b) pose no threat to UK businesses

(c) reduce overseas investment opportunities

(d) typically have low labour costs

[1]

15 Hiro sells doughnuts. The ingredients for a box of doughnuts cost 65p. Hiro sells each box of doughnuts for £3.50. Fixed costs for the year are estimated to be £26 000.

The break-even point for the year is estimated to be:

(a) £21 931 ☐

(b) £31 931 ☐

(c) 6266 boxes ☐

(d) 9123 boxes ☐

[1]

Section B

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

16

(a) The number of clothing repairs is currently 30 per month. Shanti thinks this figure could grow by 20% over the next 12 months. (Lines 24–26)

If the price per repair does not change, calculate the increase in revenue over the next 12 months.

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Answer = £ .... **[5]**

(b)* Shanti "…has collated some past data so she can calculate price elasticity of demand." (Lines 27–28)

Evaluate the usefulness to Shanti of using price elasticity of demand calculations. **[15]**

17* Shanti is, "…considering introducing some sort of appraisal method linked to a bonus" for her employees. (Lines 39–40)

Evaluate the impact on SSL of Shanti introducing a method of appraisal. **[15]**

18 Analyse **two** ways Shanti could respond to the data in **Table 2**.

[9]

19 Shanti is in favour of the government reducing Value Added Tax (VAT). (Lines 52–53)

Assume the basic rate of VAT is reduced.

Analyse **one** impact of this change on SSL.

[6]

20* "Shanti is proud of her achievements and considers her business to be a success." (Lines 55–56)

Evaluate the extent to which SSL can be considered a success. **[15]**

END OF QUESTION PAPER

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