

Please write clearly in	block capitals.
Centre number	Candidate number
Surname	
Forename(s)	
Candidate signature	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			
TOTAL			



Section A

	Answer all questions in this section.	
Only one a	nswer per question is allowed.	
For each qu	uestion completely fill in the circle alongside the appropriate answer.	
CORRECT METH	WRONG METHODS $ \bigcirc $	
If you want	to change your answer you must cross out your original answer as sho	wn.
If you wish as shown.	to return to an answer previously crossed out, ring the answer you now	wish to select
0 1	'The process of transforming raw information into useful information the various activities of a business'.	at can support
	The definition above most accurately describes	[1 mark]
	A data mining.	0
	B e-commerce.	0
	C enterprise resource planning.	0
	D gathering big data.	0
0 2	Despite a significant increase in its sales revenue, a product's market 60% to 50%.	share falls from
	This product is a	[1 mark]
	A cash cow.	0
	B dog.	0
	C problem child/question mark.	0
	D star.	0



0 3	Statement 1: 'An increa because it allows it more				
	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.		0	
	B Statement 1 is true.	Statement 2 is false.		0	
	C Statement 1 is false.	Statement 2 is true.		0	
	D Statement 1 is false.	Statement 2 is false.		0	
0 4	The table below shows of	data from a company's a	accounts.		
		Item	£ (million)		
		Cost of sales	4		
		Other expenses	3		
		Sales revenue	12		
		Taxation	2		
	The company's operatin	g profit is			
				[1 mark]	
	A £3 million.			0	
	B £5 million.			0	
	C £6 million.			0	
	D £8 million.			0	

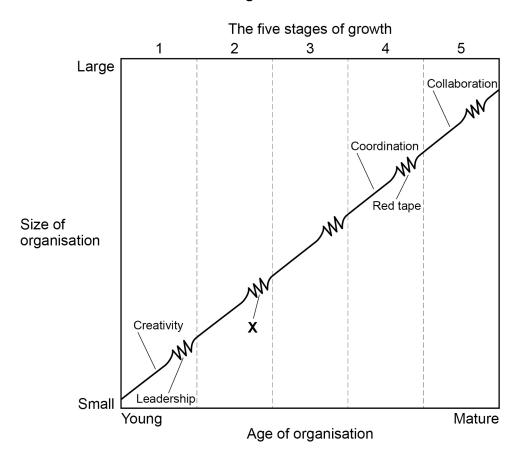


Statement 1 : 'Lean production should reduce unit costs because it involves a business buying raw materials in greater bulk.'					
		production should reduce unit	t costs because it reduces wa	stage	
Read statements 1 and 2 and select the correct option from the following options. [1 mark]					
A State	ement 1 is tru	e. Statement 2 is true.	0		
B State	ement 1 is tru	e. Statement 2 is false.	0		
C State	ement 1 is fal	se. Statement 2 is true.	0		
D State	ement 1 is fal	se. Statement 2 is false.	0		
The tab	le below sho	ws four possible scenarios.			
	Scenario	Managers' willingness to make internal changes	Likelihood of external changes in market		
	A	High	High		
	В	High	Low		
	С	Low	High		
	D	Low	Low		
In whicl	h of these sco	enarios is strategic drift least		mark]	
A Scer	nario A		0		
B Scer	nario B		0		
C Scer	nario C		0		
D Scer	nario D		0		
	Statem of raw reserved in which is a scene of the state o	Statement 2: 'Lean of raw materials.' Read statements 1 A Statement 1 is true B Statement 1 is true C Statement 1 is fall D Statement 1 is fall The table below show Scenario A B C D	Statement 2: 'Lean production should reduce uniof raw materials.' Read statements 1 and 2 and select the correct 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. The table below shows four possible scenarios. Scenario Managers' willingness to make internal changes A High B High C Low D Low In which of these scenarios is strategic drift least A Scenario B C Scenario C	business buying raw materials in greater bulk.' Statement 2: 'Lean production should reduce unit costs because it reduces wa of raw materials.' Read statements 1 and 2 and select the correct option from the following option [1] 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. The table below shows four possible scenarios. Scenario Managers' willingness to make internal changes in market A High High B High C Low High D Low Low In which of these scenarios is strategic drift least likely to occur? A Scenario B C Scenario C	



o 7 Figure 1 shows Greiner's five stages of growth.

Figure 1



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.



0 8	Which one of the follow scorecard?	ing perspect	ives is not used by Kaplan	and Norton's balanced
	3001CCard:			[1 mark]
	A Customer			0
	B External businesses			0
	C Financial			0
	D Learning and growth			0
0 9	The table below shows	the net annu	al return of an investment.	
		Year	Net return (£000s)	
		0	(1000)	
		1	500	
		2	900	
	After two years, the AR	R (%) for this	s investment is	
				[1 mark]
	A 90%			0
	B 70%			0
	C 40%			0
	D 20%			0



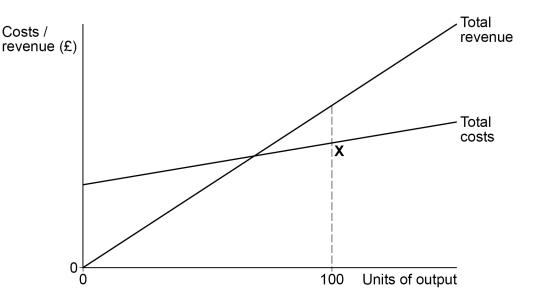
	Company	Management styles	
	А	'Country club' and 'Impover	ished'
	В	'Produce or perish' and 'Team	ı leader'
	С	'Produce or perish' and 'Impov	verished'
	D	'Country club' and 'Team le	eader'
Which cor	mpany is most lik	ely to use a soft human resource m	nanagement appr [1
A Compa	ny A		0
B Compa	iny B		0
C Compa	ny C		0
D 0	_		
	t 1 : 'External grov	wth requires a business to integrate	e with another bu
Statemen that is local Statemen its size.'	t 1: 'External grovated in a different		e with another bus
Statementhat is local Statementits size.' Read statementh	at 1: 'External grove ated in a different at 2: 'Organic grow ements 1 and 2	country.' with requires a business to use its or and select the correct option from t	e with another bus wn resources to e
Statementhat is local Statemenths size.' Read state A Statem	t 1: 'External grovated in a different	country.' with requires a business to use its or and select the correct option from to tement 2 is true.	with another buse wn resources to entire the following optice [1
Statementhat is local Statementhat is local Statementhat is local Statementhat is local A Statementhat is local A Statementhat is local A Statementhat is local A Statementhat is local B Statementhat is local B Statementh	at 1: 'External grove ated in a different at 2: 'Organic grove ements 1 and 2 and ent 1 is true. State	country.' with requires a business to use its or and select the correct option from t tement 2 is true. tement 2 is false.	with another buses wn resources to entire the following option [1



1 2

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





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]

Α	Its break-even output falls and its margin of safety increases.	0
		1

В	Its break-even output increases and its margin of safety falls.	0
---	---	---

- 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 bene locating in a country with	
		[1 mark]
	A a high UAI index and a high PD index.	0
	B a high UAI index and a low PD index.	0
	C a low UAI index and a high PD index.	0
	D a low UAI index and a low PD index.	0
1 4	Statement 1 : 'Usually there is a negative correlation between change incomes and changes in the quantity demanded of a product.'	es in consumers'
	Statement 2 : 'Usually there is a positive correlation between changes competitor's product and changes in the quantity demanded of a product	
	Read statements 1 and 2 and select the correct option from the follows:	owing options. [1 mark]
	A Statement 1 is true. Statement 2 is true.	0
	B Statement 1 is true. Statement 2 is false.	0
	C Statement 1 is false. Statement 2 is true.	0
	D Statement 1 is false. Statement 2 is false.	0
	Turn over for the next question	



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
Α	-1.5	– 1
В	– 1.5	+1
С	-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	0	
B Product B	0	
C Product C	0	
D Product D	0	15



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Section B

Answer all questions in this section.

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]

Turn over for the next question

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]	Do not write outside the box
		4



8	Analyse how employing a more diverse workforce might increase the profit of a business. [9 marks]	Do out
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1	9

The table below shows the changes in the two efficiency ratios for Wilson PLC, 2018–2019.

Ratios	2018	2019
Receivables days	30	45
Payables days	38	43

[9 ma



9

2 0	Analyse the problems that might arise for a small business from the growth of digital technology.	Do not write outside the box
	[9 marks]	
	Extra space	
		9
		╷└──



Section C

	Answer either Question 21 or Question 22.	
Quest	he lozenge below to indicate which optional question you have answered. ion 2 1 Question 2 2 WRONG METHODS	
2 1	'Limited liability benefits all stakeholders of a public limited company.'	
OR	Do you agree? Justify your view.	[25 marks]
2 2	'The growth stage is the most challenging stage of the product life cycle for a when managing its human resource flow.'	business
	Do you agree? Justify your view.	[25 marks]



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Section D

	Answer either Question 23 or Question 24.
Shade th	ne lozenge below to indicate which optional question you have answered.
	ion 2 3 O Question 2 4 O
CORREC	WRONG METHODS WORD WRONG METHODS
2 3	'To achieve successful innovation, the level of spending on research and development is more important than the organisational culture of a business.'
	Do you agree? Justify your view. [25 marks]
OR	
2 4	A business is changing from a strategic position of low cost to one of differentiation.
	Will this lead to the business spending more on marketing and less on the operations function? Justify your view.
	[25 marks]



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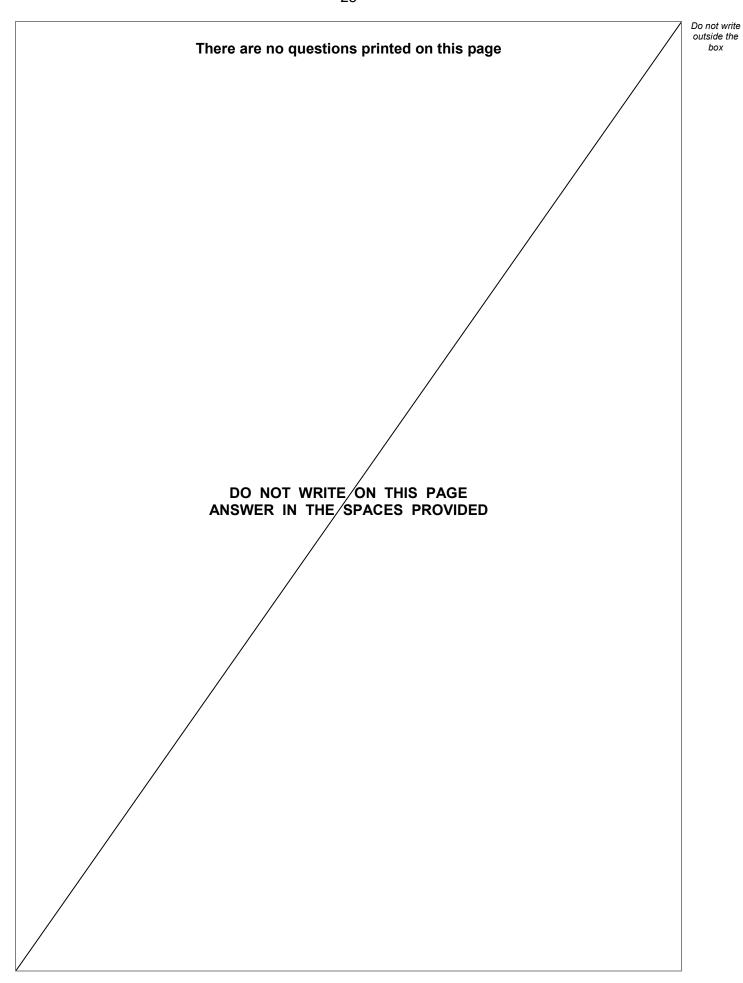
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END OF QUESTIONS







Question number	Additional page, if required. Write the question numbers in the left-hand margin.



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