Oxford Cambridge and RSA

Thursday 9 June 2022 – 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

Answer **all** the questions.

1 Labour is a factor of production.

Explain **two other** factors of production.

1 ....

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2 ....

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[4]

2 Identify **two** methods of selection a business could use when employing a new member of staff.

1 ....

2 ....

[2]

3 State what is meant by a 'stepped fixed cost'.

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.... **[2]**

4 State **two** characteristics of a public sector organisation.

1 ....

2 ....

[2]

5 Explain **one** advantage and **one** disadvantage to a business of using contingency planning.

Advantage ....

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Disadvantage ....

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.... **[4]**

6 An increase in the price of apples from £4.00 per kg to £4.50 per kg leads to a 10% decrease in the demand for apples. At the same time, the demand for bananas increases by 5%.

Calculate the cross elasticity of demand between apples and bananas. Show your workings.

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Answer = ... **[3]**

7 A business has produced a budget statement for the past year.

	Budget	**Actual**	**Variance**
Sales revenue	£25 000	£20 000	
Labour costs		£7000	£2000 Favourable
Overheads	£4500		£1500 Adverse

Complete the budget statement by filling in the unshaded boxes. **[3]**

This area may be used for any workings

Section B

Answer **all** the questions.

Use the information provided in the **Resource Booklet** to answer the following questions.

8 The Competition and Markets Authority (CMA) approved Argos' acquisition by Sainsbury's in 2016 (**Extract B**). The CMA has a wide-ranging responsibility for regulating markets in the UK.

Analyse **one** possible disadvantage for Argos caused by future regulation of its market.

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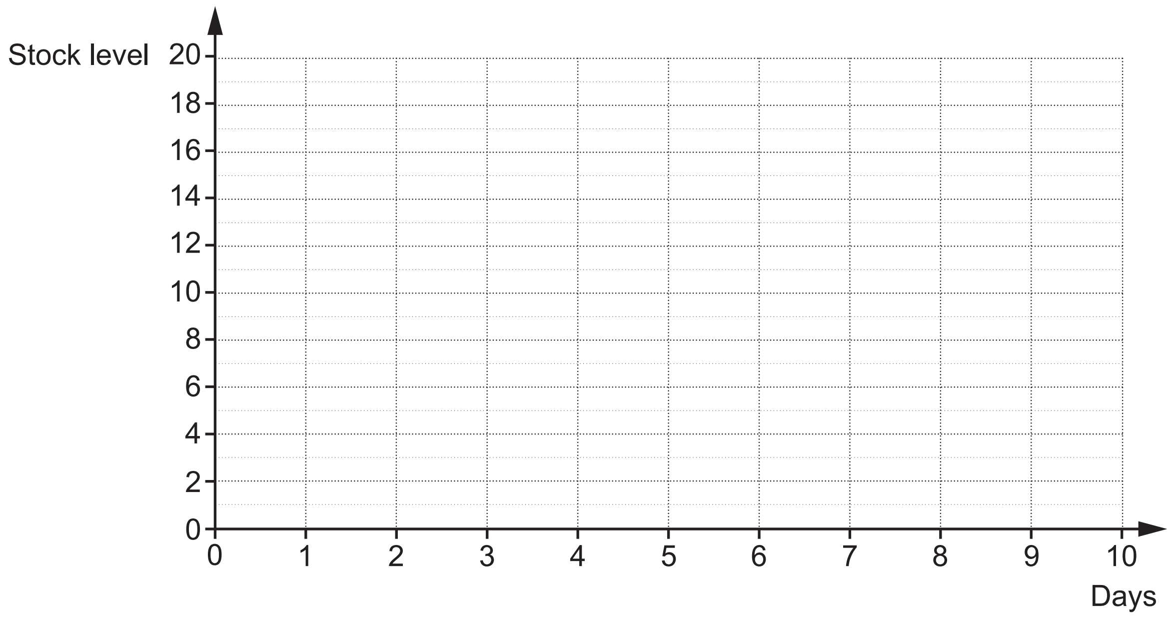
.... **[4]**

9 One of Argos' most popular products is an own brand garden chair. An Argos store in London sets a buffer stock level of 4 chairs and a maximum stock level of 16 chairs. On average, this store sells 2 chairs a day and the lead time for new deliveries is 1 day.

On the diagram below, draw a stock control chart, clearly drawing and labelling:

- the maximum stock level
- the buffer stock level
- the reorder level.



[4]

10 Sainsbury's managers have been implementing a plan to open more Argos stores in Sainsbury's stores (**Extract C**). This requires effective change management.

Evaluate how Sainsbury's managers may use **one** change management model to help implement this plan. **[9]**

11* Evaluate sources of finance available to Argos to help it to achieve its ‘strategy for the future’. (line 36) **[15]**

12 Analyse **one** advantage for Argos' managers of using the Plan-Do-Review cycle.

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.... **[4]**

13 As a result of the job losses at Argos (**Extract D**) some employees may decide to take their case to an employment tribunal.

Evaluate the significance of employment tribunals for these employees of Argos. **[9]**

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14* Evaluate the changes to the distribution strategies used by Argos since it was purchased by Sainsbury's. **[15]**

END OF QUESTION PAPER