

A-level **Business** 7132/1

Paper 1 Business 1

Specimen 2014

Morning

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 bottom of this page.
- Answer all questions in Section A and Section B.
- Answer **one** question from **Section C** and **one** question from **Section D**. Write these answers in continuous prose.
- Do all rough work in this answer book. Cross through any work you do not want to be marked.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 100.

Please write cle	arly, in	blo	ock ca	apit	als,	to	allo	w c	har	act	er o	com	iput	er i	eco	ogn	itio	n.			
Centre number						Car	ndid	ate	nu	mb	er										
Surname]
Forename(s)]
Candidate signa	ature _																				 _)

	Section A	
	Answer all question(s) in this section.	
Only one a	nswer per question is allowed.	
For each a	nswer completely fill in the circle alongside the appropriate answer.	
CORRECT MET	HOD WRONG METHODS WRONG METHODS	
If you want	to change your answer you must cross out your original answer as	shown.
If you wish as shown.	to return to an answer previously crossed out, ring the answer you	now wish to select
0 1	Which one of these sources of finance may involve the payment of	f a dividend?
	A Debt factoring	0
	B Loans	0
	C Overdrafts	0
	D Share capital	[1 mark]
02	The price elasticity of demand for a brand of clothes is –0.6. Wha price decreases by 3%?	t will happen if the
	A Quantity demanded will rise and total sales revenue will fall.	0
	B Quantity demanded will rise and total sales revenue will rise.	0
	C Quantity demanded will fall and total sales revenue will fall.	0
	D Quantity demanded will fall and total sales revenue will rise.	\bigcirc
		[1 mark]

03	How will an increase in interest rates be most likely to affect a high builder?	nly geared h	ouse
	A Decreasing costs and decreasing demand	0	
	B Decreasing costs and increasing demand	\bigcirc	
	C Increasing costs and decreasing demand	\bigcirc	
	D Increasing costs and increasing demand	0	[1 mark]
04	Consumers are classified into groups according to their age. Wha of?	t is this an e	example
	A Behavioural segmentation	\bigcirc	
	B Demographic segmentation	\bigcirc	
	C Geographic segmentation	\bigcirc	
	D Income segmentation	\bigcirc	[1 mork]
			[1 mark]
0 5	One high street bank merges with another high street bank. This i an example of:	s best desc	ribed as
	A backward vertical integration.	\bigcirc	
	B diversification.	\bigcirc	
	C forward vertical integration.	0	
	D horizontal integration.	\bigcirc	[1 mark]
			[i markj
	The following information applies to Question 6 .		
	A new software application costs £5 million to develop and has an 5 years. It is expected to provide a net return of £1.5 million per years.	expected li ear.	fetime of
06	What is the payback period for the new software application?		
	A 2 years	0	
	B 2 years 6 months	\bigcirc	
	C 3 years 4 months	\bigcirc	
	D 5 years	\bigcirc	[1 mark]
			ני יוומו אן

0 7	A firm's capacity utilisation is 60%. Its capacity then increases by capacity utilisation is:	20%. Its new
	A 40%.	0
	B 50%.	0
	C 75%.	0
	D 80%.	\bigcirc
		[1 mark]
08	Greiner's model of growth describes different phases of business What is the order of the first three stages?	growth over time.
	A Creativity – Delegation – Direction	0
	B Creativity – Direction – Delegation	0
	C Direction – Creativity – Delegation	0
	D Direction – Delegation – Creativity	O [1 mark]
09	A business reduces its labour force by automating production with This leads to a 30% increase in capacity and a 10% increase in un example of:	new technology. nit costs. This is an
	A more labour intensive production leading to economies of scale	<u>e.</u> O
	B more labour intensive production leading to diseconomies of scale.	0
	C more capital intensive production leading to economies of scale	9. 0
	D more capital intensive production leading to diseconomies of	0
	30aic.	[1 mark]



			<i>c (c</i>) , , , , , , , , , , , , , , , , , ,		0
1 2	In Bowman's strategy clock, what does	a strategy o	of 'focused d	ifferentiation' i	mean?
	A High price and high added value			0	
	B High price and low added value			0	
	C Low price and high added value			0	
	D Low price and low added value			0	[4 mork]
					[1 mark]
1 3	Using the data in Table 1 , which one of business between 2013 and 2014?	the followin	ig statemen	ts is correct fo	r this
	Table 1 Data on a small producer				
		2013	2014		
	Average number of employees	100	120	•	
	Number of staff leaving	20	22		
	Total output of business (units)	1000	1150		
	 A Labour productivity increased and lab increased B Labour productivity increased and lab decreased C Labour productivity decreased and lab increased 	oour turnove oour turnove bour turnov	er rate er rate er rate	0	
	D Labour productivity decreased and la decreased	ibour turnov	ver rate	0	
					[1 mark]
1 4	Forecasting future sales by projecting pa	ast trends ir	n sales is kn	own by which	term?
	A Correlation			0	
	B Extrapolation			\bigcirc	
	C Market mapping			0	
	D Qualitative market research			0	
					[1 mark]

1 5

What is the current ratio for the company whose figures are shown in Table 2?

Table 2 Extract from the financial account of a company

Non-current assets	£100m
Current assets	£40m
Current liabilities	£30m
Non-current liabilities	£20m
Shareholder funds	£50m

		[1 mark]
D 40%	\bigcirc	
C 1.33	0	
B 2	\bigcirc	
A £10m	\bigcirc	

QUESTION 15 IS THE LAST QUESTION IN SECTION A.

Section B starts on the next page.

		Sectio	on B		
		Answer all question	(s) in this section.		
1 6	The data in Ta 16.1 and 16.2.	ble 3 refers to a particu	ular business and sh	ould be used for Q	uestions
		Table 3 Data o	n a business		
		Selling price	£7.50		
		Total revenue	£22 500.00		
		Total contribution	£15 900.00		
		Total costs	£20 650.00		
16.1	Based on the	data in Table 3 , calcu	late the fixed costs	of the business.	Show your
	workings.				[4 marks]
	Extra space				

16.2	Based on the data in Table 3 , calculate the contribution per unit. Show your	workings. [4 marks]
1 7	Explain one possible benefit of budgeting to a fast-growing business.	[4 marks]
	Extra space	

1 8	Explain one way in which a significant increase in the exchange rate valu pound against the US dollar could affect a UK-based producer of breakfa that imports supplies from the USA.	e of the st cereals [5 marks]
	Extra space	

Γ

Extra space	

 businesses might increase their profits by influencing one of Porter's five forc	es. [9 mark
Extra space	

	Section C
	Answer either question 21 or question 22.
Shade the c	circle below to indicate which optional question(s) you have answered.
Question	2 1 O Question 2 2 O
	NOD • WRONG METHODS 🗴 • 🚖 🗹
2 1	The managers of a multi-product business want to achieve a steady growth in sales. To what extent will an understanding of product life cycle help them make effective marketing decisions?
OR	[25 marks]
22	To what extent is training likely to be the best way to improve the performance of a
	retailer's workforce? [25 marks]



Extra snace		



Section D				
	Answer either question 23 or question 24.			
Shade the c	ircle below to indicate which optional question(s) you have answered.			
Question	2 3 · Question 2 4 ·			
CORRECT METH	HOD • WRONG METHODS S • • •			
2 3	The managers of a public limited company believe that it is important for the business to behave ethically. To what extent do you think that an ethical approach to business decision making is now essential for managers in public limited companies?			
OR	[25 marks]			
2 4	A small start-up business has grown over time to become one of the biggest firms in its market. To what extent is it inevitable that the culture of a business will change over time as it grows significantly?			
	[25 marks]			



Extra space

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END OF QUESTIONS		END OF QUESTIONS
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