

Please write clearly in block capitals.

Centre number

--	--	--	--	--

Candidate number

--	--	--	--

Surname

---

Forename(s)

---

Candidate signature

---

I declare this is my own work.

# AS BUSINESS

## Paper 1 Business 1

Sample assessment material

Time allowed: 1 hour 30 minutes

### Materials

For this paper you must have:

- a calculator.

### Instructions

- Use black ink or black ball-point pen.
- Fill in the box at the top of this page.
- Answer **all** questions.
- 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 80.



For Examiner's Use	
Question	Mark
Section A	
11	
12	
13	
14	
15.1	
15.2	
16.1	
16.2	
<b>TOTAL</b>	


## Section A


Answer **all** questions in this section.

Only **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD  WRONG METHODS    

If you want to change your answer you must cross out your original answer as shown. 

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown. 

**0 1**

A business collects information from a small group of customers in order to discover why they like a particular product. This is an example of which type of marketing research?

[1 mark]

- A** Qualitative, primary market research
- B** Qualitative, secondary market research
- C** Quantitative, primary research
- D** Quantitative, secondary research

**0 2**

On what is a piece rate system of payment based?

[1 mark]

- A** The amount of overtime worked
- B** The company's profit level
- C** The number of hours worked
- D** The number of items produced by the employee

**0 3**

What are the features of a 'cash-cow' in the Boston Matrix?

**[1 mark]**

- A** High market share in a high-growth market
- B** High market share in a low-growth market
- C** Low market share in a high-growth market
- D** Low market share in a low-growth market

**0 4**

Price skimming involves setting a price that:

**[1 mark]**

- A** is most appropriate when demand is price elastic
- B** allows a firm to target the mass market with a low price
- C** is high in order to ensure a high profit margin
- D** is suitable for a product in the decline stage of its product life cycle.

**0 5**According to Herzberg's 'two factor theory', which **one** of the following is a 'motivator'?**[1 mark]**

- A** Better working conditions
- B** Greater promotion prospects
- C** Higher basic pay
- D** More job security

**0 6**

Opportunity cost is defined as:

**[1 mark]**

- A** the next best alternative
- B** the initial cost of an investment
- C** the money spent on the choice made
- D** the average cost of a new idea

**0 7**

Which of the following will result in an adverse variance?

**[1 mark]**

- A** Actual expenditure on fuel lower than in the budget
- B** Actual raw material costs higher than the budgeted figure
- C** Sales revenue actually received greater than in the budget
- D** Budgeted wages less than actual wages

**0 8**

An airline's average capacity utilisation on its London to Madrid route is 74%. The planes used for this route carry an average of 296 passengers per flight. What is the capacity of the planes used on this route?

**[1 mark]**

- A** 219 passengers
- B** 322 passengers
- C** 370 passengers
- D** 400 passengers

0 9

**Table 1** refers to four different products in the product portfolio of a business.

**Table 1** Information for four products

Product	Price elasticity of demand	Income elasticity of demand
A	-1.8	+0.3
B	-1.8	+0.3
C	-0.3	+1.8
D	-0.3	+0.3

Which **one** of the products in **Table 1** is most likely to be a luxury product with many close substitutes?

[1 mark]

**A** Product A

**B** Product B

**C** Product C

**D** Product D

1 0

What is the re-order level in inventory control?

[1 mark]

**A** The time at which new inventory is ordered

**B** The amount of new inventory that is ordered

**C** The amount of inventory that leads to a new order being placed

**D** The time at which inventory levels reach zero

10

**Section B**

Answer **all** questions in this section.

**1 | 1**

Explain **one** possible use of market mapping for a new sports shop.

**[4 marks]**

---

---

---

---

---

---

---

---

---

---

---

**4****1 | 2**

The following data applies to a small business.

- Selling price = £18
- Variable costs per unit = £6
- Break-even output = 550 units

Calculate the fixed costs of the business. Show your workings.

**[5 marks]**

---

---

---

---

---

---

---

---

---

---

---

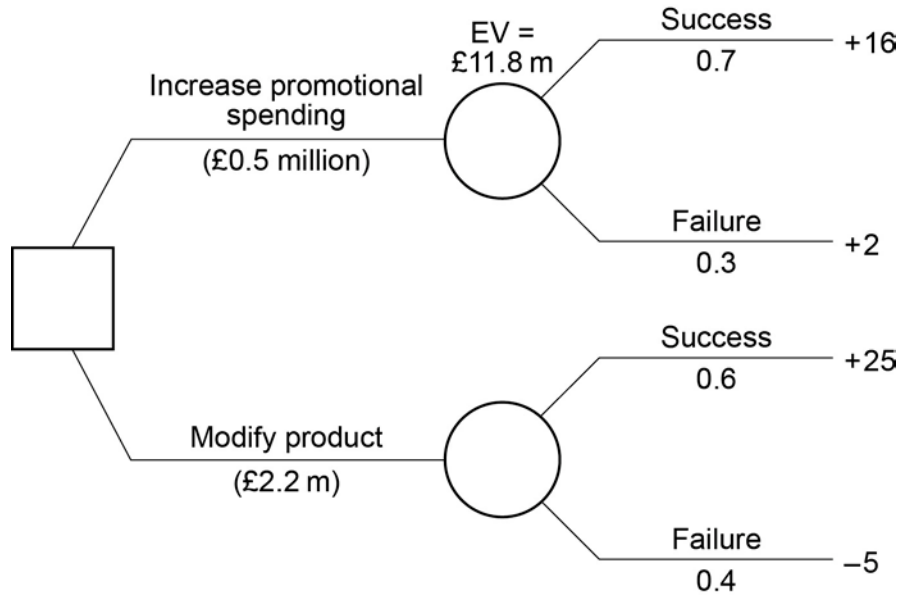
**5**

1 3

The net gain for a business of increasing promotional spending is £11.3 million.

Referring to **Figure 1**, calculate the expected value and the net gain of modifying the product. Using these calculations, advise the business which one of the two options it should choose. Show your workings.

**Figure 1** Decision tree



[6 marks]

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

1 4

Analyse **one** way in which a large house-building firm might respond to a new competitor setting up in its market.

[5 marks]

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

Extra space

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

5



**Turn over for the next section**

**DO NOT WRITE ON THIS PAGE  
ANSWER IN THE SPACES PROVIDED**

**Turn over ▶**

**Section C**

Answer **all** questions in this section.

1	5
---	---

**Nint Motors**

Nint Motors, a vehicle manufacturer, recently invested heavily in developing a new model of a car. This model is designed to compete with the VW Polo and Ford Fiesta. Nint has decided to build the new model at its Oxford factory. This factory has the highest labour productivity in Europe. The additional jobs created by this latest investment will take the number of staff there from an average of 5600 in 2022 to 6000 in 2023.

Three years ago a decline in demand had led to Nint reducing production and cutting 1200 jobs at Oxford, so how has the company managed to turn things round?

The leadership at Nint has developed and launched successful cars: for example, its Quent model has proved particularly popular globally. Nint's Head of Production in Europe said that, despite difficult conditions in this region, "the market has grown by 4%, and our market share has grown by 25%. The market proves if you have got a good car at a competitive price, you can grow".

The employer–employee relations at Nint's Oxford factory are exceptional and labour turnover is at a record low level of 3.6%. This has influenced the decision to invest in Oxford rather than at Nint factories in other countries.

The current weakness of the pound makes the UK an attractive place to manufacture, adding to Nint's profit margins. The car industry now represents nearly 10% of total UK exports with nearly 80% of car production being exported, particularly to emerging economies.

Government policy has helped Nint. The government is providing a £9.3m grant to support the company's £125m investment in Oxford.

Nint has high-capacity utilisation; this is unusual as there is significant over capacity in the car industry.

1 5 . 1

Analyse the possible reasons why Nint has invested heavily in developing a new model of car.

[9 marks]

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

Extra space

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

9





## RMX plc

RMX plc provides delivery services. Until recently RMX was a government-owned public corporation but in October 2021 it was privatised, transferring ownership from the public to the private sector. At the moment RMX plc still has a legal obligation to deliver items six days a week and at the same price to every address in the country.

When RMX was privatised the demand for its shares was so high that applicants were limited to a maximum of 227 ordinary shares at a total cost of £750. In total 1 billion shares were sold to private individuals and other businesses, valuing the company at £3.3 billion. Over 10% of the 1 billion shares available were re-sold by shareholders in the first hour of trading and the share price immediately rose.

The most recent accounts of the company show that between April and September 2022 RMX's profits were £283 million, almost double the £144 million earned in the same period the year before. It had also reduced its loans by 20% and improved its cashflow position, which should enable it to pay high dividends. After the publication of these accounts (which occurred after the privatisation) the company's share price rose again to £5.60 per share.

From July to September 2022 RMX's sales rose by 9%, mainly due to a large increase in revenue from its parcels business due to the increase in online shopping.

However, conflict between RMX and its employees remains. The Communication Workers Union (CWU) wants higher pay rises, greater job security and protection of pension schemes for RMX employees. Approximately 115 000 of RMX's 150 000 staff are members of the CWU trade union.

Analysts claim the business needs more investment to continue modernising and changes to its management style to achieve greater productivity.









**There are no questions printed on this page**

**DO NOT WRITE ON THIS PAGE  
ANSWER IN THE SPACES PROVIDED**







**There are no questions printed on this page**

*Do not write  
outside the  
box*

**DO NOT WRITE ON THIS PAGE  
ANSWER IN THE SPACES PROVIDED**

**Copyright information**

For confidentiality purposes, all acknowledgements of third-party copyright material are published in a separate booklet. This booklet is published after each live examination series and is available for free download from [www.aqa.org.uk](http://www.aqa.org.uk).

Permission to reproduce all copyright material has been applied for. In some cases, efforts to contact copyright-holders may have been unsuccessful and AQA will be happy to rectify any omissions of acknowledgements. If you have any queries please contact the Copyright Team.

Copyright © 2023 AQA and its licensors. All rights reserved.