A

AQA

Surname _____

Other Names _____

Centre Number _____

Candidate Number _____

Candidate Signature _____

I declare this is my own work.

AS
BUSINESS

Paper 1 Business 1

7131/1

Friday 15 May 2020 **Afternoon**

Time allowed: 1 hour 30 minutes

At the top of the page, write your surname and other names, your centre number, your candidate number and add your signature.

[Turn over]

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For this paper you must have:
- **a calculator**
- **the insert.**

INSTRUCTIONS

- **Use black ink or black ball-point pen.**
- **Answer ALL questions.**
- **You must answer the questions in the spaces provided. Do not write on blank pages.**
- **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.**

DO NOT TURN OVER UNTIL TOLD TO DO SO

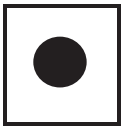
SECTION A

Answer ALL questions in this section.

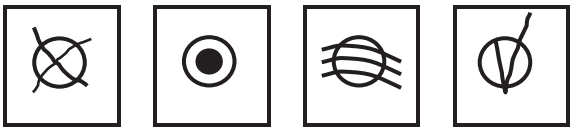
Only ONE answer per question is allowed.

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

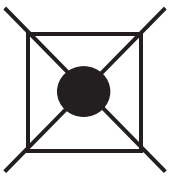
CORRECT METHOD



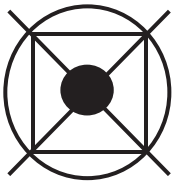
WRONG METHODS



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 moves an employee to a different job.**

This is known as

○ **A delayering**

○ **B delegating**

○ **C redeployment**

○ **D redundancy**

[1 mark]

[Turn over]

0 2 **A supplier asks 200 consumers to explain why they like its products. The supplier passes their responses on to a retailer.**

For the retailer this is an example of

○ **A qualitative, primary market research.**

○ **B qualitative, secondary market research.**

○ **C quantitative, primary market research.**

○ **D quantitative, secondary market research.**

[1 mark]

0 3 **An organised association of workers, formed to protect and further their rights and interests, is known as a**

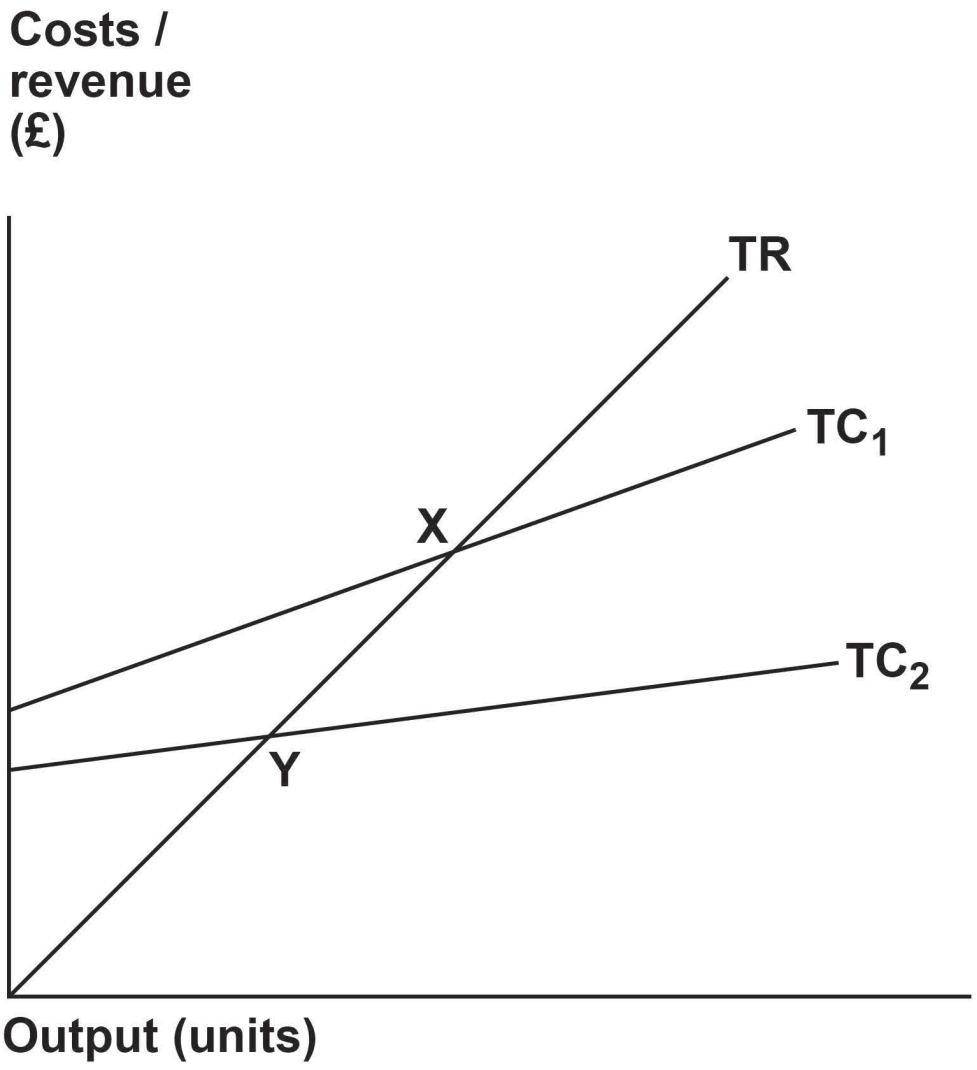
- ○ **A** **Human resources department**
- ○ **B** **Kaizen group**
- ○ **C** **Trade union**
- ○ **D** **Works council**

[1 mark]

[Turn over]

0 4 **FIGURE 1 shows a situation in which there is a change in the break-even point of a product from point X to point Y.**

FIGURE 1



The change in break-even point from X to Y has been caused by

○ **A** **fall in fixed costs and a fall in variable costs per unit.**

○ **B** **fall in fixed costs only.**

○ **C** **a fall in the selling price and fall in fixed costs.**

○ **D** **a fall in variable costs per unit only.**

[1 mark]

[Turn over]

0 5 **The data below in TABLE 1 shows the weekly output and total costs of a business.**

TABLE 1

Weekly output (units)	Total costs (£)
0	420
1	700
2	950
3	1320
4	1750

The total variable cost of producing three units of output is

○ **A £420**

○ **B £440**

○ **C £900**

○ **D £1320**

[1 mark]

0 6 **STATEMENT 1: 'One purpose of stakeholder mapping is to show the level of power of different stakeholders'.**

STATEMENT 2: 'One purpose of stakeholder mapping is to show the level of interest of different stakeholders'.

READ STATEMENTS 1 AND 2 and select the correct option from the following:

○ **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.**

[1 mark]

[Turn over]

0 7 **STATEMENT 1: 'If its product is perishable, a business is likely to have a high buffer level of inventory'.**

STATEMENT 2: 'If a business buys its materials from a just-in-time supplier in the same town, there is likely to be a long lead time for supplies'.

READ STATEMENTS 1 AND 2 and select the correct option from the following:

○ **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.**

[1 mark]

BLANK PAGE

[Turn over]

0 8 **The data in TABLE 2 refer to Abacus plc in 2018 and 2019.**

TABLE 2

	2018	2019
Number of employees	20	40
Output (units)	50	100
Capacity (units)	100	200

STATEMENT 1: 'Labour productivity has stayed the same between 2018 and 2019'.

STATEMENT 2: 'Capacity utilisation has stayed the same between 2018 and 2019'.

READ STATEMENTS 1 AND 2 and select the correct option from the following:

○ **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.**

[1 mark]

[Turn over]

0 9 **A manager uses decision trees to choose the best financial outcome from four different options. Results from these options are shown below.**

Option	Result 1	Result 2
A	Expected value = +£2 million	Pay-off of best outcome = +£18 million
B	Net gain = +£3 million	Pay-off of best outcome = +£12 million
C	Net gain = +£2 million	Expected value = +£4 million
D	Net gain = +£1 million	Expected value = +£7 million

Which ONE of these options is most likely to be chosen by the manager?

- ○ **A Option A**
- ○ **B Option B**
- ○ **C Option C**
- ○ **D Option D**

[1 mark]

[Turn over]

1 0 **Receivables are the value of**

○ **A** **a business's sales revenue.**

○ **B** **inventory held by a business.**

○ **C** **money owed to a business by its customers.**

○ **D** **money owed to suppliers by a business.**

[1 mark]

10

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[Turn over]

SECTION B

Answer ALL questions in this section.

1 1 **A business with a reputation for manufacturing a high-quality product has introduced piece-rate pay for its factory workers.**

Explain ONE possible disadvantage to this business of using piece-rate pay. [4 marks]

4

1 2 **The following data applies to a business:**

Fixed costs	**£1.5 million**
Total costs	**£6 million**
Output	**2 million units**
Profit	**£3 million**

Calculate the selling price per unit. [3 marks]

3

1 3 **A family-owned private limited company is planning an expansion.**

Explain ONE disadvantage to the shareholders of this business of selling shares to finance this expansion. [4 marks]

4

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[Turn over]

1 4 **A business budgeted its labour costs to be £4 million for 2019. It recorded an adverse variance of £2 million on this budget.**

Explain ONE action the business managers might take in these circumstances. [4 marks]

4

[Turn over]

1 5 **A business has a manager with a 'country club' style of management on the Blake Mouton grid. It replaces this manager with one who has a 'produce or perish' style.**

Analyse ONE impact this change could have on the motivation of the business's employees.
[5 marks]

5

[Turn over]

SECTION C

Answer ALL questions in this section.

1 6 **Source material for Question 16 is provided in the separate insert.**

1 6 . 1 **Analyse the marketing actions that Horizons Ltd could take to increase its revenue.**
[9 marks]

9

1 6 . 2 **Yusuf is considering the consultant's plan for a new organisational design at Horizons Ltd. Do you think it would be a good idea for Yusuf to adopt this plan? Justify your answer.**

[16 marks]

[Turn over]

16

1 7 **Source material for Question 17 in the separate insert provided.**

1 7 . 1 **With reference to TABLE 3, on page 8 of the separate insert, analyse the ways in which changing supplier could improve Glade Ltd's profits. [9 marks]**

1 7 . 2 **Mary is concerned about Glade Ltd's cashflow problems. Do you think an overdraft is the best way to deal with the company's long-term cashflow problems? [16 marks]**

END OF QUESTIONS

16

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For Examiner's Use	
Question	Mark
Section A	
11	
12	
13	
14	
15	
16.1	
16.2	
17.1	
17.2	
TOTAL	

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