Cambridge Assessment International Education

Cambridge Pre-U

CANDIDATE NAME	

CENTRE NUMBER						CANDIDATE NUMBER				

0848662 13

BUSINESS AND MANAGEMENT **9771/01**

Paper 1 Business Concepts **May/June 2022**

2 hours 45 minutes

You must answer on the question paper.

You will need: Insert (enclosed)

INSTRUCTIONS

- Section 1: answer **all** questions.
- Section 2: answer **all** questions.
- Section 3: answer **one** question.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.

INFORMATION

- The total mark for this paper is 100.
- The number of marks for each question or part question is shown in brackets [ ].
- The insert contains the case study.

This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 3 Pre-U Certificate.

This document has **32** pages. Any blank pages are indicated.

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Section 1: Multiple Choice

Answer **all** questions in this section.

For each question there are four possible answers **A**, **B**, **C** and **D**. Choose **one** you consider correct and fill in the box (X) to show your answer.

You are advised to spend 30 minutes on the 20 questions in this section.

1 Which **one** of the following is non-price competition?

- [ ] **A** buy one-get-two free offer
- [ ] **B** new unique selling point
- [ ] **C** 10% discount
- [ ] **D** two-for-one offer [1]

2 A private medical centre has estimated that the income elasticity of demand (YED) for its services is +2.3. Incomes are expected to fall next year by 7%.

What is the estimated effect on the quantity demanded for the medical centre services?

- [ ] **A** decrease of 16.1%
- [ ] **B** decrease of 3.04%
- [ ] **C** increase of 3.04%
- [ ] **D** increase of 16.1% [1]

3 Which **one** of the following is classified as an indirect tax?

- [ ] **A** corporate tax
- [ ] **B** income tax
- [ ] **C** national insurance (NI)
- [ ] **D** value added tax (VAT) [1]

4 ABC posted the following information in its published accounts at 31 December 2021.

Fixed assets	£3 982 481
Current assets	£ 724 522
Creditors due within one year	£1 370 855
Creditors: amounts falling due after more than one year	£ 584 267

What is ABC's current ratio at 31 December 2021 (to one decimal place)?

☐ **A** 0.5

☐ **B** 0.8

☐ **C** 1.9

☐ **D** 2.9 [1]

5 Which **one** of the following refers to reshoring?

Moving production from:

☐ **A** another country back to the home country.

☐ **B** one business to another business.

☐ **C** one region of the country to another region of the country.

☐ **D** the host country to another country. [1]

6 A restaurant employs 20 full-time workers. Table 6.1 shows some employee data for four months.

Table 6.1 Employee data

Number of days absent	48
Number of working days	120

What is the rate of absenteeism for this four-month period?

- [ ] **A** 0.02%
- [ ] **B** 0.4%
- [ ] **C** 2%
- [ ] **D** 40% [1]

7 What does a vendor rating system review?

- [ ] **A** advantages and disadvantages of a supplier
- [ ] **B** facilities available in a retail environment
- [ ] **C** features of target consumers
- [ ] **D** operations and marketing of a factory [1]

8 Table 8.1 shows some cost and revenue figures for a plumber for one week.

Table 8.1 Cost data

	Budget (£)	Actual (£)
Revenue	2450	3500
Direct costs	560	900
Indirect costs	200	200

What is the weekly profit variance for the plumber?

☐ **A** £1390 unfavourable

☐ **B** £710 unfavourable

☐ **C** £710 favourable

☐ **D** £1390 favourable [1]

9 The Consumer Rights Act 2015 gives a consumer the right to reject a faulty product within how many days?

☐ **A** 14 ☐ **B** 30 ☐ **C** 60 ☐ **D** 365 [1]

10 Which **one** of the following refers to the Hackman and Oldham job characteristics model?

☐ **A** equity theory

☐ **B** job enrichment

☐ **C** management by objectives

☐ **D** scientific management [1]

11 Table 11.1 shows some cost data for a hairdresser.

Table 11.1 Cost data

Fixed cost per day	£80
Variable cost per haircut	£4.50
Average total cost per haircut based on 20 haircuts per day	£8.50

The hairdresser has already given eight haircuts that day.

What is the marginal cost of the next haircut?

☐ **A** £4.00

☐ **B** £4.50

☐ **C** £8.50

☐ **D** £14.50 [1]

12 Private equity refers to capital investment into which **one** of the following?

☐ **A** any private sector business

☐ **B** any public sector business

☐ **C** companies whose shares are not publicly traded

☐ **D** companies whose shares are publicly traded [1]

13 Glossier is a make-up brand that was launched in 2014 and targeted towards 'millennials'. Sales have grown with the aid of social media marketing.

Which **one** of the following is a disadvantage of social media marketing for Glossier?

☐ **A** Glossier cannot control all the comments on social media.

☐ **B** Make-up products cannot be demonstrated on social media.

☐ **C** Social media is used by very few people.

☐ **D** Social media marketing is relatively expensive. [1]

14 A car factory operated at 85.25% capacity last week. Table 14.1 shows the production figures for last week.

Table 14.1

	Production
Monday	56
Tuesday	58
Wednesday	45
Thursday	59
Friday	49
Saturday	34
Sunday	40

What is the car factory's maximum weekly capacity?

☐ **A** 290

☐ **B** 341

☐ **C** 400

☐ **D** 741 [1]

15 Figure 15.1 shows a four-week inventory control chart for a shop selling smartphones.

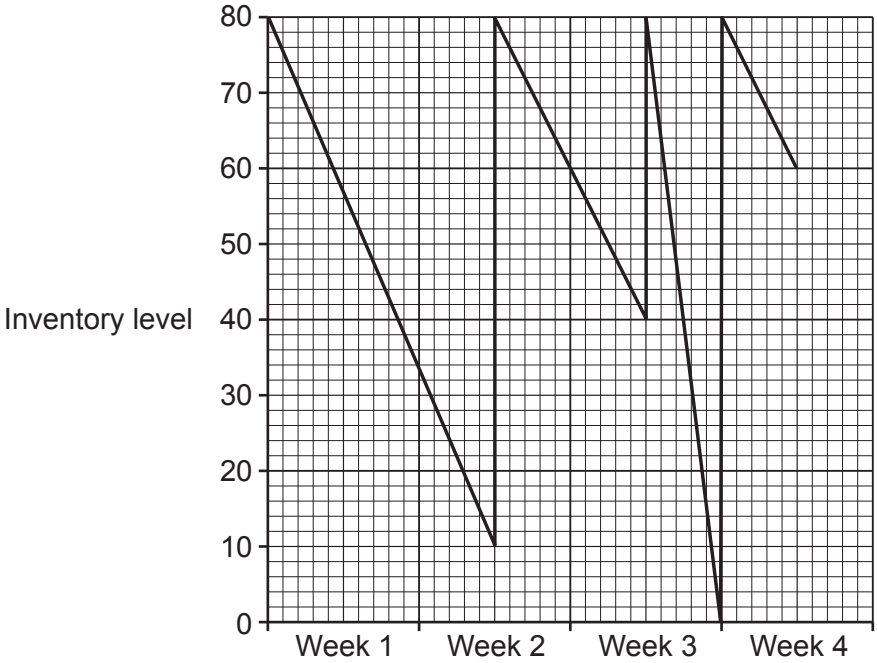

Figure 15.1 inventory control chart

How many smartphones were sold during this four-week period?

- [ ] **A** 80
- [ ] **B** 190
- [ ] **C** 210
- [ ] **D** 400 [1]

16 Which **one** of the following refers to the process of moving the decision making in an organisation away from its head office?

- [ ] **A** decentralisation
- [ ] **B** delayering
- [ ] **C** delegation
- [ ] **D** downsizing [1]

17 What is an economic recession most likely to result in?

- [ ] **A** a fall in demand for inferior goods and a rise in the rate of unemployment
- [ ] **B** a fall in demand for luxury goods and a rise in the rate of unemployment
- [ ] **C** an increase in demand for inferior goods and a rise in the rate of inflation
- [ ] **D** an increase in demand for luxury goods and a fall in the rate of inflation [1]

18 An online streaming service has conducted some market research. For the research, each member of the population had an equal chance of being selected.

Which **one** of the following is the sampling method used by the online streaming service for this market research?

- [ ] **A** cluster
- [ ] **B** multi-stage
- [ ] **C** quota
- [ ] **D** random [1]

19 A taxi firm is planning to buy a new vehicle. Table 19.1 shows some investment appraisal data.

Table 19.1 Investment appraisal data for the new vehicle

Year	Cash flow (£)	Discount factor
0	(50 000)	1
1	20 000	0.909
2	20 000	0.826
3	20 000	0.751

What is the net present value (NPV) for the investment?

- [ ] **A** –£280
- [ ] **B** £280
- [ ] **C** £3333
- [ ] **D** £10 000 [1]

20 Which of the following would **not** be part of a workforce plan?

- [ ] **A** staff audit
- [ ] **B** staff targets
- [ ] **C** staff supply
- [ ] **D** staff morale [1]

Section 2: Case Study

Read the case study in the insert and answer **all** questions in this section.

You are advised to spend 1 hour and 15 minutes on this section.

21 **(a)** Refer to the data in Fig. B.

(i) State the activities on the critical path. [2]

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(ii) Calculate the total float for Activity A. [2]

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(b) Evaluate the usefulness of critical path analysis to WPH when planning the central kitchen project. You may refer to your answers to question **21(a)**. [6]

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22 Recommend whether WPH should develop its own website and online ordering service. Justify your recommendation. [10]

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23 Evaluate the importance to WPH of cash flow forecasting. [10]

24 Evaluate the advantages to WPH of introducing batch production for the production of its pizzas. [10]

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Section 3: Essay

Answer **one** question in this section.

You are advised to spend 1 hour on this section. Relevant references to real world business examples will be expected.

EITHER

25 Tesla's mission is to accelerate the world's transition to sustainable energy.

Evaluate the importance of a mission statement to the strategic planning of a business. [40]

OR

26 'The true purpose of a business is to create and keep a customer, not to make you money' (Theodore Levitt, author of Marketing Myopia).

Evaluate the dangers to a multinational business of marketing myopia. [40]

OR

27 In the UK, trade union membership rose by 91 000 to 6.44 million in 2019. This was the third successive annual increase in trade union membership levels following the fall to a low of 6.23 million in 2016.

Evaluate the advantages and disadvantages to a business of trade union involvement in business activity. [40]

OR

28 Evaluate the importance to the retail food industry of reducing single-use plastic. [40]

Write the question number here .....

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