



Oxford Cambridge and RSA



AS Level in Business

H031/01 The local business environment

Sample Question Paper

Date – Morning/Afternoon

Time allowed: 1 hour 30 minutes



You must have:

- the Resource Booklet

You may use:

- a scientific or graphical calculator



First name										
Last name										
Centre number						Candidate number				

INSTRUCTIONS

- Use black ink.
- Complete the boxes above with your name, centre number and candidate number.
- Answer **all** the questions.
- Use black ink.
- Write your answer to each question in the space provided. If additional space is required, use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the bar codes.
- The Resource Booklet is required for **Section B** only.

INFORMATION

- The total mark for this paper is **60**.
- The marks for each question are shown in brackets [].
- Quality of extended responses will be assessed in questions marked with an asterisk (*).
- This document consists of **12** pages.

Section A

Answer **all** the questions. Put a tick (✓) in the box next to the **one** correct answer for each question.

- 1 A company manufactures ground coffee. Which of the following is likely to lead to an increase in demand for its product?

- (a) A failed coffee bean harvest
- (b) An increase in the price of tea
- (c) A new coffee manufacturer entering the market
- (d) A government campaign on the dangers of coffee

[1]

- 2 Which of the following is a benefit of having a tall organisational structure?

- (a) Supervisors have relatively few staff to manage
- (b) Less expenditure on renting the premises
- (c) A long chain of command
- (d) The ability to respond quickly to changes in the market

[1]

- 3 The Human Resource Manager at Sutton Frozen Foods Ltd has collected the following data:

Sutton Frozen Foods Ltd	2012	2013
Average number of staff employed	310	320
Total output of ready meals	300 000	320 000
Number of staff leaving	49	54

Sutton Frozen Foods Ltd's rate of labour turnover for 2013 is:

- (a) 0.1%
- (b) 5.9%
- (c) 15.8%
- (d) 16.9%

[1]

4 Indirect tax on carbon emissions is increased from £18 per tonne to £20 per tonne. The additional annual cost to a factory which produces 750 tonnes of carbon emissions a month will be:

- (a) £1500
- (b) £9000
- (c) £15 000
- (d) £18 000

[1]

5 The definition of a 'consumer' is the:

- (a) purchaser of a product or service
- (b) manufacturer of a product or service
- (c) retailer of a product or service
- (d) end user of a product or service

[1]

6 A retailer has just obtained exclusive supplies of a leading brand's newly launched games console. Which pricing strategy would it be **best** for the retailer to use?

- (a) Psychological pricing
- (b) Competition-based
- (c) Skimming
- (d) Cost-plus

[1]

7 Which of the following is a feature of an oligopolistic market?

- (a) A large number of firms
- (b) Significant barriers of exit
- (c) Interdependence between firms
- (d) Weak market power

[1]

8 Sunita Kaijin and Kri Chan run their own restaurant, Sri Delights, trading as a partnership. Which of the following is classified as an external stakeholder of Sri Delights?

- (a) The kitchen manager
- (b) The shareholders
- (c) The waiters
- (d) The local residents

[1]

9 Which one of the following is an unquantifiable risk?

- (a) A change in the exchange rate
- (b) A major customer going out of business
- (c) A natural disaster
- (d) The breakdown of equipment

[1]

10 Which one of the following is a financial measurement of business performance?

- (a) Market share
- (b) Profit
- (c) Productivity
- (d) Wastage rate

[1]

11 Which one of the following is **not** usually found in a business plan?

- (a) A demand and supply diagram
- (b) An executive summary
- (c) A market analysis
- (d) A mission statement

[1]

12 A company with 100 000 £1 ordinary shares issued has a current share price of £2. It has made a net profit of £25 000. Assuming all of the net profit is distributed as dividends, the earnings per share will be:

- (a) £4
- (b) £2
- (c) £1
- (d) £0.25

[1]

13 A market research group has estimated that the cross elasticity of demand between petrol and cars is - 0.6. This implies that a 5% fall in the price of petrol will:

- (a) reduce the demand for diesel by 5.6%
- (b) reduce the supply of petrol by 5%
- (c) increase the number of journeys people make using a substitute such as a bus by 4.4%
- (d) increase the demand for cars by 3%

[1]

14 A small business producing bird tables has a fixed cost of £800 and a variable cost per bird table of £30. The bird tables are sold for £50. The business produces and sells 70 bird tables.

If fixed costs rise by £500, how many bird tables does the business now need to produce to maintain the same margin of safety?

- (a) 55
- (b) 80
- (c) 95
- (d) 105

[1]

15 The table below shows the projected net cash flows for a project.

Year	Projected net cash inflows (£)
0	(320 000)
1	72 000
2	95 000
3	113 000
4	96 000
5	86 000

What is the payback period for this project?

- (a) 3 years 4 months
- (b) 3 years 5 months
- (c) 3 years 6 months
- (d) 3 years 11 months

[1]

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[20]

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