



Oxford Cambridge and RSA

AS Level Business

H031/01 The local business environment

Friday 18 May 2018 – 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.
- Write your answer to each question in the space provided. Additional pages may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the barcodes.
- 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 **16** pages.

2

Section A

Answer **all** the questions.

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

1 A focus group is:

- (a) a market research technique
- (b) a public sector organisation
- (c) a sampling method
- (d) an external recruitment method

[1]

2 Which of the following business types **both** have unlimited liability?

- (a) Partnerships and private limited companies
- (b) Partnerships and sole traders
- (c) Private limited companies and public limited companies
- (d) Public limited companies and sole traders

[1]

3 An electrical goods manufacturer uses an assembly line to make microwave ovens. This is an example of:

- (a) batch production
- (b) cell production
- (c) flow production
- (d) job production

[1]

4 Consumers' retail spend on coffee in the UK is expected to increase from £981 million in 2017 to £998 million in 2018.

The predicted rate of market growth from 2017 to 2018 is approximately:

- (a) 0.98%
- (b) 1.02%
- (c) 1.70%
- (d) 1.73%

[1]

- 5 A statement of financial position for Brinley Ltd is shown below.

Statement of financial position as at 31 January 2018	
	£000s
Non-current assets	1 500
Current assets	750
TOTAL ASSETS	2 250
Current liabilities	188
Non-current liabilities	750
Capital & reserves	1 312
TOTAL EQUITY & LIABILITIES	2 250

The working capital of Brinley Ltd is:

- (a) -£188 000
 (b) £0
 (c) £562 000
 (d) £2 062 000

[1]

- 6 Which of the following is a feature of a monopoly?

- (a) A sole buyer
 (b) High barriers to entry
 (c) Strong competition
 (d) Weak market power

[1]

- 7 Which of the following is **not** a factor which encourages globalisation?

- (a) E-commerce
 (b) Improved transport infrastructure
 (c) Low levels of international trade
 (d) Trade liberalisation

[1]

4

8 Which of the following is the **most likely** reason for a department store to use external benchmarking?

- (a) To comply with consumer protection legislation
- (b) To increase the level of competition in the retail market
- (c) To learn from the way the leading department store in the industry operates
- (d) To produce a business plan to open a second department store

[1]

9 Which of the following are the three elements of Adair's Three Circles leadership theory?

- (a) Autocratic, democratic and laissez-faire
- (b) Delegation, motivation and appraisal
- (c) The aim, the objective and the mission statement
- (d) The task, the team and the individual

[1]

10 One reason a sole trader may use a budget is to:

- (a) increase its break-even level of output
- (b) minimise the need for financial control
- (c) monitor the performance of the business
- (d) provide information for shareholders

[1]

- 11 Benson's School of Motoring needs to insure its cars each year. In 2013 its insurance costs were £4200. Its cost index is shown in the table below.

Year	Cost index
2013	100
2014	112
2015	114
2016	118
2017	116

The insurance costs of Benson's School of Motoring in 2017 were:

- (a) £672
 (b) £4216
 (c) £4872
 (d) £4956

[1]

- 12 Which of the following is a social factor that may affect a business?

- (a) An increase in competition
 (b) An increase in the national minimum wage
 (c) An increase in the rate of inflation
 (d) An increase in the size of the UK population

[1]

- 13 Lean production at a car manufacturing plant is **most likely** to include:

- (a) keeping large stocks of engine parts and windscreens
 (b) ordering tyres months in advance of when they are needed
 (c) producing extra cars in case there are additional orders
 (d) strict quality checks to ensure cars are not defective

[1]

14 Delaying involves:

(a) the giving of authority to a subordinate

(b) the participation of all employees in decision-making

(c) the removal of a tier of management

(d) the selling of current assets

[1]

15 Pretty Pottery Ltd, based in Staffordshire, benefits from the supply of specialist labour in the area due to a concentration of pottery firms in the region. What is this an example of?

(a) A trade union

(b) An external economy of scale

(c) Centralisation

(d) Market segmentation

[1]

Section B

Answer **all** the questions.

Please use the information provided in the **Resource Booklet** to answer the following questions.

16 Explain **one** reason why an entrepreneur may choose to set up their own business.

.....
.....
.....
..... [2]

17 State **one** possible external stakeholder of TYWC.

..... [1]

18 Explain **one** reason why it is important for TYWC to prepare an annual cash flow forecast.

.....
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.....
..... [2]

19 (a)* Refer to **Extract A** and **Extract B**.

Recommend methods of training TYWC may use for catering assistants that work at private events. Justify your view. [12]

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(b) **Other than training and development**, explain **one** non-monetary method of motivating employees.

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..... [2]

20 Outline **one** factor which is likely to affect the demand for Wagyu beef from TYWC.

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.....
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..... [2]

21 (a) The price of a 'WOW Box' is £150 (see **Extract D**).

If TYWC increases the price of a WOW box to £180 and demand decreases from 500 boxes to 385 boxes per month, calculate the price elasticity of demand.

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Answer: [4]

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END OF QUESTION PAPER

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