



Oxford Cambridge and RSA

Friday 17 May 2019 – Afternoon

AS Level Business

H031/01 The local business environment

Time allowed: 1 hour 30 minutes



You must have:

- the Resource Booklet

You may use:

- a calculator



Please write clearly in black ink. **Do not write in the barcodes.**

Centre number

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Candidate number

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First name(s)

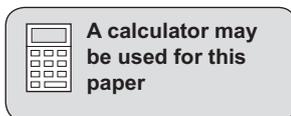
Last name

INSTRUCTIONS

- Use black ink.
- 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).
- 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 Which of the following is **not** a form of employee participation?

(a) Division of labour

(b) Industrial democracy

(c) Quality control

(d) Work councils

[1]

2 Niche marketing:

(a) attempts to reach the entire market

(b) charges different prices to different customers

(c) is only used in the service sector

(d) targets a specific market segment

[1]

3 A pizza manufacturer should calculate added value by:

(a) adding 20% VAT to the selling price of each pizza

(b) dividing the total cost of ingredients by the number of pizzas made

(c) multiplying the number of pizzas made by the average selling price

(d) subtracting the unit cost of ingredients from the selling price

[1]

3

4 Financial data for a supermarket is shown below.

Revenue	£16.2 million
Cost of sales	£6.9 million
Expenses	£4.1 million

The supermarket's operating profit is:

- (a) £5.2 million
- (b) £9.3 million
- (c) £11.0 million
- (d) £12.1 million

[1]

5 A UK company has set an objective to expand sales to the global market.

This is an example of:

- (a) a departmental objective
- (b) an operational objective
- (c) a strategic objective
- (d) a tactical objective

[1]

6 Which of the following is a benefit to a business of using external recruitment?

- (a) A job description will not be required
- (b) Induction training will not be necessary
- (c) It can choose from a large number of applications
- (d) The recruitment process will be fast and efficient

[1]

- 7 A company manufactures helicopters. The table below shows the output level and size of the workforce at each of its four factories.

Factory	Number of helicopters manufactured per year	Number of employees
A	860	160
B	800	150
C	400	40
D	920	140

Which of the four factories has the **lowest** productivity?

- (a) Factory A
 (b) Factory B
 (c) Factory C
 (d) Factory D

[1]

- 8 Sales of a company's product account for 70% of the market and the market is growing at a rate of 8% per year.

Depending on the rate of growth in this market, the Boston Matrix would classify the product as:

- (a) a cash cow or a problem child
 (b) a dog or a star
 (c) a problem child or a dog
 (d) a star or a cash cow

[1]

- 9 Which of the following might be a barrier to a firm exiting a market?

- (a) Branding
 (b) Sunk costs
 (c) Tariffs and quotas
 (d) Trade restrictions

[1]

10 Prowess Ltd makes sports equipment. In 2018, its ordinary share capital was £110 000 and its non-current liabilities were £230 000. Its profit for the year was £20 000.

Prowess Ltd's return on equity in 2018 was approximately:

- (a) 5.9%
- (b) 8.7%
- (c) 18.2%
- (d) 47.8%

[1]

11 If interest rates increase:

- (a) bank loans will become more affordable
- (b) consumers are less likely to save
- (c) firms are more likely to invest in new machinery
- (d) home owners with mortgages will have less disposable income

[1]

12 Trickle Ltd has a workforce of 200 employees. In 2018, its rate of labour turnover was 30% and the cost of training each new employee was £900.

Trickle Ltd's training costs for new employees in 2018 were:

- (a) £27 000
- (b) £54 000
- (c) £126 000
- (d) £180 000

[1]

13 A museum operated by a local government authority is a:

- (a) secondary organisation operating in the public sector
- (b) secondary organisation operating in the third sector
- (c) tertiary organisation operating in the public sector
- (d) tertiary organisation operating in the third sector

[1]

14 Which of the following is an internal cause of uncertainty for a firm?

(a) A new competitor

(b) A new law

(c) A new owner

(d) A new tax

[1]

15 Which of the following is a political influence on a business?

(a) An increase in the rate of inflation

(b) Changing patterns of employment

(c) International government policy to fight terrorism

(d) Society's increasing use of mobile technology

[1]

Section B

Answer **all** the questions.

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

16 Identify **two** sources of finance which Siemens may have used when building the new factory in Hull.

1

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2

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[2]

17 Identify **one** possible problem caused by Siemens choosing to install the latest technology in the new factory.

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..... **[1]**

18 Explain **two** benefits to a business of using lean production methods.

1

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2

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[4]

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(b) Explain **one** benefit to Siemens of offering a 'competitive reward package' (Line 42) for employees at the Hull factory.

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..... [2]

21 Explain what is meant by the term 'market share'.

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..... [2]

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END OF QUESTION PAPER

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