



Oxford Cambridge and RSA

Friday 20 May 2022 – Morning

AS Level Business

H031/01 The local business environment

Time allowed: 1 hour 30 minutes



You must have:

- the Resource Booklet

You can use:

- a calculator



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

Centre number Candidate number

First name(s) _____

Last name _____

INSTRUCTIONS

- Use black ink.
- Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question number(s).
- Use the Resource Booklet to answer the questions in **Section B**.
- Answer **all** the questions.

INFORMATION

- The total mark for this paper is **60**.
- The marks for each question are shown in brackets [].
- Quality of extended response will be assessed in questions marked with an asterisk (*).
- This document has **16** pages.

ADVICE

- Read each question carefully before you start your answer.

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 industries would be classified as operating in the secondary sector?

- (a) Banking
- (b) Construction
- (c) Fishing
- (d) Mining

[1]

2 Capacity utilisation measures:

- (a) a firm's maximum production capability
- (b) how close a firm is to its break-even level of output
- (c) the extent to which a firm is making full use of its resources
- (d) whether an increase in output will decrease a firm's unit costs

[1]

3 Which of the following would help a business overcome a cash-flow problem?

- (a) Allowing credit customers more time to pay
- (b) Reducing the use of debt factoring
- (c) Requesting a lower overdraft limit
- (d) Using a cheaper supplier

[1]

4 Which of the following is a benefit to a clothing retailer of selling in store rather than online?

- (a) A wider range of sizes can be stocked
- (b) Customers can check the quality of the fabric
- (c) Fewer sales assistants will be required
- (d) The clothing is less likely to be damaged

[1]

5 Which of the following is **not** a factor of production?

- (a) Enterprise
- (b) Finance
- (c) Labour
- (d) Land

[1]

6 ANP Ltd is a convenience store. Workforce performance data for the previous three months is shown in the table below.

Number of employees	15
Number of late arrivals	160
Number of working days	92

ANP Ltd's employee lateness rate in the previous three months was approximately:

- (a) 2.9%
- (b) 3.9%
- (c) 8.6%
- (d) 11.6%

[1]

7 The British Standards Institution (BSI) 5750 Kitemark, is an example of an external quality standard.

Which function of business is primarily responsible for gaining a BSI Kitemark?

- (a) Accounting and finance
- (b) Marketing
- (c) Operations management
- (d) Sales

[1]

8 Conflict between different stakeholders of a business should be:

- (a) encouraged
- (b) ignored
- (c) managed
- (d) maximised

[1]

9 Which of the following would help a restaurant improve its ethical profile?

- (a) Clearly displaying fire evacuation procedures
- (b) Donating surplus food to a local foodbank
- (c) Paying the minimum wage to all of its chefs
- (d) Sourcing ingredients from around the world

[1]

10 Which of the following is an example of on-the-job training suitable for a junior doctor?

- (a) Assisting an experienced surgeon with a routine operation
- (b) Attending an academic conference on advances in medicine
- (c) Studying for an e-learning certificate in disease prevention
- (d) Watching a video on how to diagnose childhood illnesses

[1]

11 A business is **most** likely to hold high levels of stock if:

- (a) demand for its products is stable
- (b) storage and security costs are high
- (c) suppliers are unreliable
- (d) the lead time is short

[1]

12 Which of the following is a long-term source of finance for a sole trader?

(a) Overdraft

(b) Sale and leaseback

(c) Share issue

(d) Trade credit

[1]

13 A business plan for an established business usually contains a non-disclosure statement.

The purpose of this non-disclosure statement is to:

(a) ensure potential financiers cannot access the document

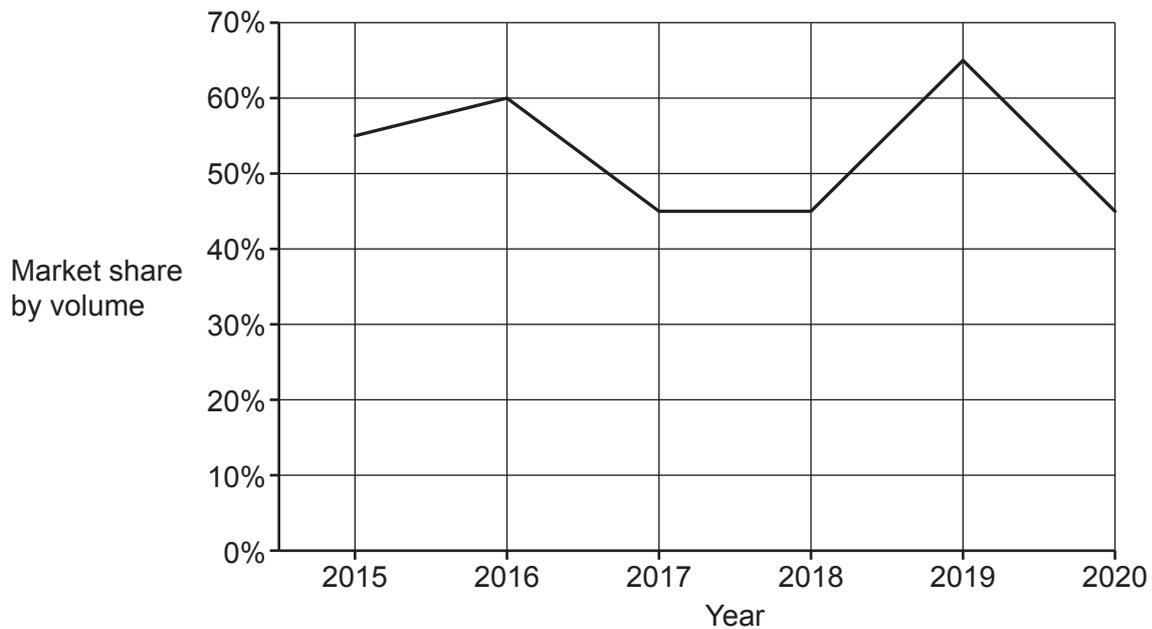
(b) minimise employee concerns about job security

(c) provide senior managers with points for discussion

(d) stop confidential information being obtained by competitors

[1]

14 Market share data for GSN plc, a satnav manufacturer, is shown in the graph below.



According to the graph, which of the following statements **must** be true?

- (a) GSN plc sold more satnavs in 2016 than in 2015
- (b) In 2016 GSN plc was the market leader
- (c) Market demand for satnavs peaked in 2019
- (d) The size of the satnav market increased in 2018

[1]

15 A limited liability partnership has three members – Annika, Ben and Amit. Annika has invested £8000 into the business. Ben and Amit have invested £4000 each.

If the business ceased trading with debts of £30 000 what would be Annika's financial liability?

- (a) £8000
- (b) £10 000
- (c) £15 000
- (d) £16 000

[1]

Section B

Answer **all** the questions.

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

16 Explain what is meant by 'sustainability' (line 14).

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

17 Explain **one** way that the third sector differs from the private sector.

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

18 Identify **one** reason why a business may choose to recruit a new employee.

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

- 19 Elveley Ltd manufactures fabric used to make furniture. It donates any fabric that does not meet its quality standards to Scrapstore.

Performance data for Elveley Ltd

	2019	2020
Fabric produced (metres)	800 000	880 000
Fabric not meeting quality standards (metres)	22 000	28 000
Number of production employees	32	32

Using the information above, calculate:

- (a) the product wastage rate for Elveley Ltd in 2020.

.....
.....
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.....

Answer [2]

- (b) labour productivity for Elveley Ltd in 2020.

.....
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.....
.....

Answer [2]

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21 Explain **one** advantage and **one** disadvantage for Scrapstore of using social media as a method of promotion.

Advantage

.....

.....

.....

Disadvantage

.....

.....

.....

[4]

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END OF QUESTION PAPER

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