



Oxford Cambridge and RSA

AS Level Business

H031/01 The local business environment

Thursday 18 May 2017 – Afternoon

Time allowed: 1 hour 30 minutes



You must have:

- the Case Study

You may use:

- a calculator



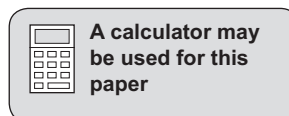
First name										
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Centre number						Candidate number				

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 Case Study 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.



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 reason for fair dismissal?

- (a) Incapacity
- (b) Misconduct
- (c) Redundancy
- (d) Whistle blowing

[1]

2 When carrying out a SWOT analysis, which of the following should be identified as a weakness?

- (a) A major competitor ceases trading
- (b) An increase in the minimum wage
- (c) A fall in the size of the market
- (d) Poor quality control

[1]

3 The owner of Party Pies has collected the following data:

Party Pies	2016
Number of full-time staff employed	36
Number of working days in the year	210
Rate of absenteeism	8%

The time lost through absenteeism at Party Pies in 2016 was:

- (a) 48.38 worker days
- (b) 604.8 worker days
- (c) 7560 worker days
- (d) 94 500 worker days

[1]

- 4 A company has a current ratio of 2:1.

This means that the company:

- (a) has a market share of over 66%
- (b) is likely to be able to pay its current liabilities
- (c) made an average of £2 profit on every £1 of goods it sold
- (d) will not be liable for corporation tax

[1]

- 5 The Human Resources Manager at Parke's Department Store has collected the following data:

Parke's Department Store	2016
Average number of staff employed	117
Sales	£31 million

Parke's Department Store's labour productivity for 2016 is approximately:

- (a) £0.26m per employee
- (b) £3.77m per employee
- (c) 26.5%
- (d) 377%

[1]

- 6 Which one of the following is a disadvantage of producing a business plan?

- (a) Low employee morale
- (b) Objectives will need to be set
- (c) Risk will be minimised
- (d) Takes time to produce

[1]

7 Which of the following would **not** be found in a company's income statement?

- (a) Cost of sales
- (b) Current assets
- (c) Finance costs
- (d) Revenue

[1]

8 A clothing manufacturer makes four different products. The table below shows the cost of raw materials and selling price for each product.

Product	Cost of raw materials (£)	Selling price (£)
Cardigan	10	34
Jeans	19	45
Shirt	28	42
Winter coat	25	46

Which product has the largest added value?

- (a) Cardigan
- (b) Jeans
- (c) Shirt
- (d) Winter coat

[1]

9 A building company has a vacancy for a Health and Safety Manager. The company decides to promote one of its site supervisors to this position.

Which one of the following is this an example of?

- (a) Centralisation
- (b) Division of labour
- (c) Internal recruitment
- (d) Vertical integration

[1]

10 The cash-flow forecast for Marco Ltd for August 2017 is shown below.

Cash inflow	£
Sales	94 000
Received from debtors	13 000
Total cash inflow	
Cash outflow	
Labour	50 000
Materials	28 700
Expenses	3 600
Total cash outflow	
Net cash flow	
Opening balance	-12 000
Closing balance	

Marco Ltd's August 2017 closing balance is:

(a) -£36 700

(b) £12 700

(c) £24 700

(d) £36 700

[1]

11 One purpose of intellectual property legislation is to:

(a) encourage inclusion

(b) protect innovative designs

(c) safeguard customer data

(d) stop exploitation in the workplace

[1]

12 The greater the degree of uncertainty in business the greater the:

(a) choice

(b) liability

(c) reward

(d) risk

[1]

13 Georgina Perry makes knitted clothing. She sells the clothing on the Internet. She does not have a shop.

Which of the following is an advantage to Georgina of selling the clothing on the Internet rather than from a shop?

(a) Consumer protection legislation does not apply

(b) Financial planning will not be required

(c) Overheads are likely to be lower

(d) The break-even point will probably be higher

[1]

14 Which one of the following business functions is primarily concerned with capacity utilisation?

(a) Finance

(b) Human resources

(c) Marketing

(d) Operations management

[1]

15 Which of the following best describes the impact of increased raw material costs on the market for flour?

(a) A decrease in demand

(b) A decrease in supply

(c) An increase in demand

(d) An increase in supply

[1]

Section B

Answer **all** the questions.

Use the information provided in the **Case Study** to answer the following questions.

16 (a) State **one** non-financial measure of business performance.

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..... [1]

(b) Identify **one** internal economy of scale which The Cabin is experiencing.

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..... [1]

17 Explain **two** benefits to The Cabin of winning a major award for the quality of its food.

1

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2

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..... [4]

18 (a) Calculate The Cabin’s break-even level of output for 2017 if its costs and revenues were as follows:

- average customer spend of £6.80
- average variable costs per customer of £2.40
- fixed costs of £84,000 per annum.

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Answer:[3]

(b)* Evaluate the limitations of using break-even analysis at The Cabin. **[12]**

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END OF QUESTION PAPER

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