



Oxford Cambridge and RSA

# AS Level Business

H031/02 The wider business environment

## Friday 26 May 2017 – Afternoon

Time allowed: 1 hour 30 minutes



**You must have:**

- the Resource Booklet

**You may use:**

- a 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.

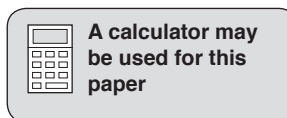
### INFORMATION

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 **12** pages.



2  
**SECTION A**

Answer **all** the questions.

**1** Identify the **four** factors of production.

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2 .....

3 .....

4 .....

[4]

**2** Explain, using an example, what is meant by the term 'stakeholder'.

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[2]

**3** A business is considering an investment. The estimated annual net cash inflows are shown in **Table 1**.

Year	Net cash inflow	Discount factor (10%)
0	(£15000)	1
1	£0	0.909
2	£10000	0.826
3	£15000	0.751

**Table 1**

**(a)** Calculate the average rate of return (ARR) for the investment.

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[3]

(b) Using the 10% discount factors shown in **Table 1**, calculate the net present value (NPV) of the investment.

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..... [3]

4 Explain **two** potential costs to a business of poor employer/employee relations.

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2 .....

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[4]

5 A business uses 500 cardboard boxes each day. The maximum stock level of cardboard boxes is 3000 and the minimum stock level is 1000. The lead time for reordering of the cardboard boxes is two days.

Calculate the reorder level for cardboard boxes.

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..... [2]

- 6 A business selling luxury cars has calculated that the income elasticity of demand for the cars is +3.0.

Calculate the percentage change in demand if consumer income falls by 10%.

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..... [2]

**SECTION B**

Answer **all** the questions.

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

**7** Distinguish between a secondary sector and a tertiary sector organisation.

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..... [2]

**8 Refer to Extract A.**

Calculate the percentage increase in revenue for Timpson Ltd's shoe repair shops since 1987.

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..... [2]

**9\*** The repair market for footwear and leather goods has declined by 3% between 2011 and 2016.

Recommend how Timpson Ltd should respond to this negative market growth in the footwear and leather goods market. Justify your answer. **[12]**

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10 Explain **two** benefits to Timpson Ltd of having a large market share.

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[4]





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**END OF QUESTION PAPER**



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