



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



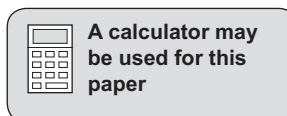
First name											
Last name											
Centre number							Candidate number				

### 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 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.

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

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

.....  
..... [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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.....

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..... [4]





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