



Oxford Cambridge and RSA

**Friday 19 May 2023 – 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 

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 Candidate number 

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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 numbers.
- 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.

## Section A

Put a tick (✓) in the box next to the **one** correct answer for each question.

1 Enterprise is:

- (a) a capital resource
- (b) a factor of production
- (c) a measure of profitability
- (d) a reward for taking risks

[1]

2 What is an example of 'below the line' promotion?

- (a) A marketing campaign on television
- (b) A poster on a billboard
- (c) An advertisement in a local newspaper
- (d) An exhibition at a trade fair

[1]

3 A merger between two soap manufacturers has led to poor communication at management level, increasing unit costs.

What is this an example of?

- (a) An external diseconomy of scale
- (b) An external economy of scale
- (c) An internal diseconomy of scale
- (d) An internal economy of scale

[1]

4 Dunford plc makes light bulbs.

Dunford plc is a:

- (a) primary sector organisation
- (b) public sector organisation
- (c) secondary sector organisation
- (d) third sector organisation

  
  
  


[1]

5 J&J's cost data for the last two years is shown in the table below.

	2020	2021
Variable costs	£75 000	£85 000
Fixed costs	£290 000	£260 000

The percentage change in J&J's total costs between 2020 and 2021 was approximately:

- (a) -5.8%
- (b) -5.5%
- (c) 5.5%
- (d) 5.8%

  
  
  


[1]

6 A workforce appraisal is:

- (a) a formal assessment of an employee's performance
- (b) a technique used to increase industrial democracy
- (c) a tool used to identify the strengths and weaknesses of a business
- (d) a yearly review of the non-financial performance of a business

  
  
  


[1]

7 A fall in Gross Domestic Product is likely to lead to a business experiencing:

- (a) decreased uncertainty caused by external factors
- (b) decreased uncertainty caused by internal factors
- (c) increased uncertainty caused by external factors
- (d) increased uncertainty caused by internal factors

  
  
  


[1]

8 Which of these is **not** a human resource selection method?

- (a) Curriculum vitae (CV)
- (b) Letter of application
- (c) Person specification
- (d) Work trial

  
  
  


[1]

9 A statement of financial position is shown below.

<b>Statement of financial position as at 30 April 2022</b>	
	£000
Non-current assets	500
Current assets	650
<b>Total assets</b>	1150
Current liabilities	225
Non-current liabilities	475
Share capital	325
Retained earnings	?
<b>Total equity &amp; liabilities</b>	1150

The business' retained earnings are:

- (a) £125 000
- (b) £425 000
- (c) £450 000
- (d) £925 000

  
  
  


[1]

10 What is an operations management function?

- (a) Calculating labour turnover
- (b) Maintaining adequate cash-flow
- (c) Monitoring capacity utilisation
- (d) Recruiting production workers

  
  
  

[1]

11 The sales manager at a large supermarket is about to liaise with the human resources manager to make sure enough staff will be available during the Christmas period.

Which of the following management functions is the sales manager about to perform?

- (a) Communication and leadership
- (b) Coordination and communication
- (c) Leadership and motivation
- (d) Motivation and coordination

  
  
  

[1]

12 The principal goals of a company may be referred to as its:

- (a) marketing strategy
- (b) organisational aims
- (c) tactical objectives
- (d) target level of profit

  
  
  

[1]

13 A furniture producer only sells its products directly to the public.

Which statement about the furniture producer is true?

- (a) Its channel of distribution relies on the services of a retailer
- (b) It does not need a physical distribution channel
- (c) It does not use the services of a wholesaler
- (d) It needs to use an agent to communicate with customers

  
  
  

[1]

14 A ready meal manufacturer uses variance analysis.

What will lead to a favourable budget variance?

- (a) Donating excess meals and leftover ingredients to a local charity
- (b) Purchasing more meat and vegetables than needed
- (c) Selling more meals at the agreed price than expected
- (d) Spending more than expected on refrigeration equipment

  
  
  

[1]

15 Which of the following is **most** likely to be true for a large firm that provides a service?

- (a) The firm does not need to plan its production process
- (b) The firm has no need for specialisation or division of labour
- (c) The firm's raw material costs will form a high proportion of its total costs
- (d) The firm's reputation relies on quality control and customer service

  
  
  

[1]

**Section B**

Use the **Resource Booklet** to answer the questions.

**16** Explain the importance of market share to a business.

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..... [2]

**17** Explain **one** way that an increase in corporation tax could have an impact on Cottingham Parks.

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..... [2]

**18** 'Health club members have the price of their membership fixed when they join' (line 12).

Explain **one** possible impact on Cottingham Parks' break-even point of this guarantee.

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..... [2]

**19 (a)** **Other than break-even**, identify **three** different items that may be included in a business plan.

1 .....

2 .....

3 .....

[3]





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- 20 GHP Leisure is another local competitor of Cottingham Parks. In June 2021, GHP Leisure increased the price of its annual health club membership from £420 to £441. Following this, the number of members declined from 360 to 333.

Calculate the price elasticity of demand for health club membership at GHP Leisure.

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Answer ..... [4]



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