Oxford Cambridge and RSA

Friday 17 May 2024 – 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).
- Answer **all** the questions.
- Use the Resource Booklet to answer the questions in Section B.

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.

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Section A

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

1 Lean production:

(a) focuses on addressing environmental issues ☐

(b) maximises output and technological efficiency ☐

(c) minimises waste whilst ensuring quality ☐

(d) reduces specialisation and the division of labour ☐

[1]

2 What is the correct term for a company that has branches in several countries?

(a) A global exporter ☐

(b) A multinational business ☐

(c) A public sector organisation ☐

(d) An international market ☐

[1]

3 Yoshi has worked as a sales assistant at a local garden centre since leaving school. He now wishes to start his own business, making and selling plant pots and vases.

Which of the following would **not** be included in Yoshi's business plan?

(a) A brief history of the business ☐

(b) An analysis of what could go wrong ☐

(c) Financial forecasts ☐

(d) The business idea ☐

[1]

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4 A manufacturer organises its workers into multi-skilled teams each responsible for a specific part of the production process.

Which method of production is the manufacturer using?

(a) Batch production ☐

(b) Cell production ☐

(c) Flow production ☐

(d) Job production ☐

[1]

5 A clothing manufacturer and a cotton supplier choose to join together to form a large business.

This is an example of:

(a) a merger ☐

(b) a monopoly ☐

(c) an acquisition by the clothing manufacturer ☐

(d) organic growth ☐

[1]

6 Which pair of costs increase when output increases?

(a) Average costs and fixed costs ☐

(b) Fixed costs and variable costs ☐

(c) Total costs and fixed costs ☐

(d) Variable costs and total costs ☐

[1]

7 Recruitment in a hospital involves:

(a) dismissing medical staff for misconduct ☐

(b) hiring doctors, nurses and cleaners ☐

(c) motivating the non-medical staff ☐

(d) negotiating pay rises for all hospital staff ☐

[1]

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8 At the beginning of 2023, Clark's Veterinary Clinic appointed two additional vets. The clinic has since collected the following data.

	2022	**2023**
Number of vets employed	3	5
Revenue	£1.5 million	£2 million

Clark's veterinary clinic's percentage change in labour productivity from 2022 to 2023 was:

(a) – 25% ☐

(b) – 20% ☐

(c) + 20% ☐

(d) + 25% ☐

[1]

9 Which task would be the responsibility of the support services function at a car showroom?

(a) Appraising all showroom staff using the 360° assessment method ☐

(b) Closing a deal with a regular customer for the purchase of their third vehicle ☐

(c) Creating a database to keep detailed records of all cars currently in stock ☐

(d) Using stratified sampling methods to analyse the market for motor vehicles ☐

[1]

10 Mass marketing:

(a) calculates market growth ☐

(b) evaluates the importance of market growth ☐

(c) focuses on segmenting the market ☐

(d) tries to appeal to the entire market ☐

[1]

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11 Casey is responsible for capacity management at a fish farm.

Which task is **most** likely to be part of Casey's job role?

(a) Advertising for new staff to clean the fish tanks ☐

(b) Calculating how much profit can be made ☐

(c) Checking that enough fish food is available ☐

(d) Measuring wastage levels of the business ☐

[1]

12 Which of the following is a technological factor that may affect a UK business?

(a) A rise in the UK's Gross Domestic Product ☐

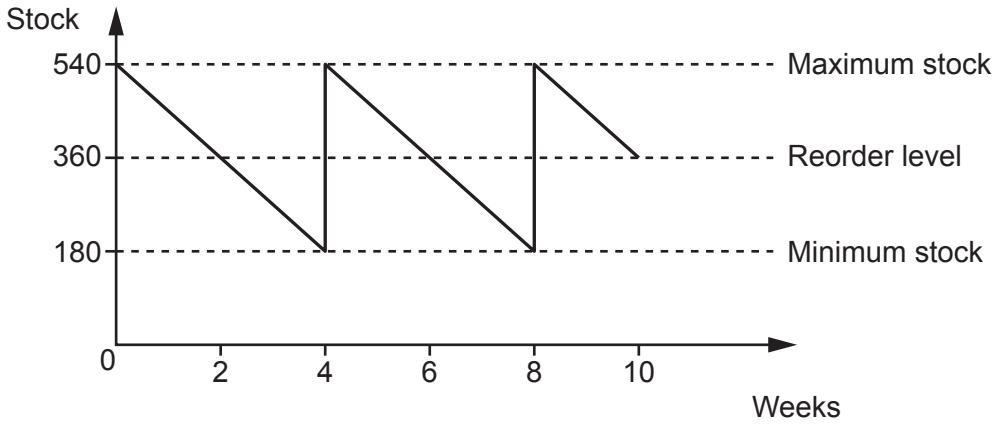
(b) An increase in the availability of skilled workers ☐

(c) An increase in the capacity of digital storage methods ☐

(d) Tighter regulation of market dominance in the UK ☐

[1]

13 A business sells lawnmowers. The stock control chart shows stock levels of its best-selling model over a 10-week period.



What is the lead time for this lawnmower?

(a) 1 week ☐

(b) 2 weeks ☐

(c) 4 weeks ☐

(d) 8 weeks ☐

[1]

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14 Which of the following would be found in an income statement?

(a) Assets ☐

(b) Capital ☐

(c) Liabilities ☐

(d) Profit ☐

[1]

15 Which of the following is a financial measure of performance for a theatre?

(a) The average number of unoccupied seats per show ☐

(b) The number of shows staged per year ☐

(c) The quantity of tickets sold over the year ☐

(d) The theatre owners' return on equity ☐

[1]

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Section B

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

16 Define the term 'entrepreneur'.

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

17 Outline **one** source of finance that a sole trader may use when setting up a business.

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

18

(a) Explain **one** benefit for Robyn & Rozy of operating as a partnership.

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

(b) Explain **one** benefit for Mark Hill Hair Cosmetics Ltd. of operating as a private limited company.

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

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19* Evaluate advantages to Robyn & Rozy of acting in a sustainable manner. **[12]**

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20

(a) Using the information in **Table 1**, calculate the current ratio for Mark Hill Hair Cosmetics Ltd.

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Answer ..... **[2]**

(b) Refer to **Table 2**.

It is estimated that the costs of the most expensive 'cut & blow dry' service at Mark Hill Hair Cosmetics Ltd. are:

- raw materials = £5
- labour costs = £20
- overheads = £15

Calculate the net profit margin for the most expensive 'cut & blow dry' service at Mark Hill Hair Cosmetics Ltd.

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Answer ..... **[2]**

(c) Identify **one** reason why calculating financial ratios is useful to a private limited company.

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

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21* Evaluate how the strength of local competition may affect the marketing mix chosen by No.4 Packman Lane. **[20]**

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END OF QUESTION PAPER

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