

Homework 1

Chapter: 1

Name: _____

Marks:

20

Score: _____

Dr. Rawya Elsayed

1. BKH is a large public limited company. It has 2000 employees across 18 locations. BKH sells a range of insurance products including house and car insurance. BKH's shareholders want the business to increase profit. The Managing Director knows increasing profit can conflict with the objectives of other stakeholder groups. She said: 'Private sector businesses have different objectives to public sector organisations.' BKH is also planning to expand by taking over another insurance company.

(a) Define 'opportunity cost'

[2]

(b) Define 'profit'.

[2]

(c) Identify the four factors of production.

Factor 1:

Factor 2:

Factor 3:

Factor 4:

[4]

2- DPC operates 200 takeaway pizza shops. Over 75% of its pizzas are ordered through e-commerce. The Managing Director thinks 2017 was a successful year. She said: 'Looking ahead, there are signs that the economy is growing. However, DC has a number of challenges. The Government plans to increase the minimum wage to \$5 per hour. DPC has to respond to environmental pressures as well. Food waste and litter caused by used pizza boxes are problems. Complaints from the local community about this are too high.'

a) Define 'value added'.

[2]

b) Identify 2 items that are included in a business plan

1: _____

2: _____ [2]

c) Identify 4 benefits of having a business plan.

Benefit 1:

Benefit 2:

Benefit 3:

Benefit 4:

_____ [4]

c) Identify 4 objectives a business can set:

Objective 1: _____

Objective 2: _____

Objective 3: _____

Objective 4: _____ [4]