

**UNIVERSITY OF BOLTON**

**INSTITUTE OF MANAGEMENT**

**BUSINESS MANAGEMENT**

**SEMESTER 2 EXAMINATIONS 2018/19**

**BUSINESS ENVIRONMENT**

**MODULE NO: BMP4003**

Date: Tuesday 21 May 2019

Time: 10.00 – 12.00

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**INSTRUCTIONS TO CANDIDATES:**

The Examination consists of 4 questions on subjects drawn from the syllabus, from which you will need to answer 2 questions.

You must answer **one question from part 1 and one question from part 2.**

Each question has equal weighting.

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**Part 1 (Please answer one question from this section)**

1. The supply and demand data for petrol in a given time period are shown below.

a) Plot the supply curve and demand curve (Please use the grid below).

Remember to label your axes.

Price (£)	Quantity Demanded	Quantity Supplied
10	4000	400
20	3200	800
30	2400	1200
40	1600	1600
50	800	2000
60	0	2400

b) Find the equilibrium price and quantity

c) What is the excess supply or demand when the price is (i) 20, (ii) 50?

d) What happens to the demand curve for petrol if the price of car insurance rises dramatically? Justify your answer. Also, illustrate your answer on the grid (no specific numbers required).

e) What happens to the supply curve for petrol if petrol producers develop a new technology which allows them to produce petrol more efficiently? Justify your answer. Also, illustrate your answer on the grid over the page (no specific numbers required).

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PAST EXAMINATION PAPER

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2. The table below illustrates the short run costs and output for a company. In the short run labour is variable but capital costs are fixed. Labour costs £40 per unit and capitals costs are £200.

- a) Copy the table below into your answer book and complete it: What is the average product (AP), marginal product (MP), variable cost (VC), fixed cost (FC) and total cost (TC) for each level of output?

Units of Labour	Total Output	Marginal Product (MP)	Average Product (AP)	Variable Cost (VC)	Fixed Cost (FC)	Total Cost (TC)
0	0	-	-	0		
1	10	10	10			
2	25					
3	35					
4	43					
5	50					
6	55					
7	58					
8	60					

- b) When do diminishing returns set in in the example above?  
 c) Define and explain the “Law of the diminishing returns”  
 d) In economics, what does the production function show?  
 e) Define and explain the “Law of variable proportions”

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**Part 2 (Please answer one question from this section)**

3. Describe each of the four market structures using the following categories

- The number of firms in the industry
- The nature of the product
- How easy (or difficult) it is for new businesses to enter the industry

Why was the “Competition and Markets Authority” (CMA) concerned about the proposed merger between Asda and Sainsbury’s?

4. Describe two different types of Trade Restrictions. Give real world examples. Why would a country choose to restrict trade?

END OF QUESTIONS