Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Period \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Nature of Business Activity Unit 1.1

1. Explain how the following products have value added: [6 marks]
2. A 100-page fashion magazine
3. A photo of a famous celebrity with a signed autograph
4. A state-of-the-art laptop computer
5. It wasn’t until the mid 1990s that supermarkets went against government advice and began to trade on Sundays. Supermarkets in the UK realized the opportunity cost of being closed on Sundays. They were fined for such actions, as licensing to trade on Sundays had not been enacted, but the fines were so insignificant compared to the revenues that they were earning by opening on Sundays that the supermarkets continued with the practice. McDonald’s Corporation have followed by opening some 24-hours stores around the world. Some banks in Hong Kong have opened on Sundays since 2006.
6. Define the term opportunity costs. [2 marks]
7. Use the case study to examine the reasons why opportunity cost is an important concept in business decision-making. [6 marks]