

Wednesday 9 January 2013 – Afternoon

AS GCE APPLIED BUSINESS

F242/01 Understanding the Business Environment

Candidates answer on the Question Paper.

OCR supplied materials:

- Clean copy Case Study

Other materials required:

- A calculator may be used

Duration: 1 hour 30 minutes



Candidate forename		Candidate surname	
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Centre number						Candidate number				
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INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer **all** the questions.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **100**.
- Your Quality of Written Communication will be assessed in questions marked with an asterisk (*).
- This document consists of **20** pages. Any blank pages are indicated.



**A calculator may
be used for this
paper**

2

- 1 Identify and explain **three** likely constraints on *Beacon's View's* business practices if it had become a franchisee.

1

Explanation

.....

.....

2

Explanation

.....

.....

3

Explanation

.....

.....

[6]

2 Analyse the likely advantages to *Beacon's View* of becoming a member of a hotel operators' co-operative. [9]

This image shows a full page of a handwriting practice worksheet. It consists of multiple sets of three horizontal dashed lines, providing a guide for letter height and placement. The lines are evenly spaced across the entire page, leaving ample room for writing practice. There is no text or other markings on the page.

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- 3 Extracts from *Beacon's View's* financial data for 2011 and 2012 are shown in **Fig. 1** below.

	2011 £	2012 £
Turnover	1 870 000	2 780 000
Expenses		
Salaries and wages	800 000	1 340 000
Rates and insurance	109 000	112 000
Printing, postage and stationery	18 000	22 000
Utilities	60 000	80 000
Stock and materials	650 000	950 000
Mortgage	35 000	25 000
Other costs	40 000	30 000

Fig. 1

- (a) Calculate whether *Beacon's View* made a profit, a loss or broke even in 2012. Show your workings.

Workings

£

Profit / Loss / Broke even (circle the correct answer)

[2]

(b) State **three** limitations of break-even analysis.

- 1
-
- 2
-
- 3
-
- [3]

(c) (i) Identify **three** items of expenditure in the financial data shown in **Fig. 1** which could be affected by a rise in VAT.

- 1
- 2
- 3
- [3]

(ii) Explain **one** possible impact of an increase in costs on a business such as *Beacon's View*.

-
-
-
-
- [2]

(d) Other than changes in VAT, evaluate the possible impact of changes in economic factors on *Beacon's View*. [12]

[illegible]

[illegible]

4 Using the grid below, carry out a SWOT analysis on **Pete's** proposal by identifying **one**:

- strength
- weakness
- opportunity
- threat

and state how each factor improves **or** reduces the chances of success of his proposal.

	Factor	How Factor Improves OR Reduces the Chances of Success of Pete's Proposal
Strength		
Weakness		
Opportunity		
Threat		

[8]

[illegible]

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12

- 6 Kay estimated that **her** proposal would be completed in time for the peak wedding season in a few months time. Her partly completed cash-flow forecast for the first month of the operation of the Victorian wedding chapel and banqueting hall is shown below.

(a) Complete the unshaded boxes in the cash-flow forecast.

	£
Cash Inflow	
Turnover	40 000
Total Cash Inflow	40 000
Cash Outflow	
Wages	8 000
Food and Drink	
Marketing	2 000
Other	2 000
Total Cash Outflow	28 000
Net Cash Flow	
Opening Balance	0
Closing Balance	

[3]

- (b) State the figure for the opening balance for the start of the next month.

Opening balance [1]

- (c) Identify and explain **two** advantages to a business such as *Beacon's View* of drawing up a cash-flow forecast when considering a new proposal.

1

Explanation

.....

.....

2

Explanation

.....

.....

[4]

13

- (d) (i) Identify **one** type of software which a business such as *Beacon's View* should use to produce a cash-flow forecast.

Software [1]

- (ii) Explain **one** reason why this type of software would help to improve the production of financial documents.

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

- (e) Identify **two** disadvantages of using IT in a business.

1
2
[2]

14

- 7 (a) Kay knows that it is difficult to be completely accurate with financial forecasts. She has decided, therefore, that she will be content if the actual figures for her proposed Victorian wedding chapel are within the variances indicated in the table below. Complete the unshaded boxes in the table below.

Item	Budget £	Percentage	Maximum Figure £	Favourable/ Adverse	Minimum Figure £	Favourable/ Adverse
Turnover	40 000	+15% or -15%				
Marketing	2 000	+10% or -10%				

[8]

- (b) Identify **two** reasons why actual wages might be more than budgeted wages.

1

2

[2]

- 8 (a) Identify and explain **two** reasons why a business such as *Beacon's View* should act in an ethical manner.

1

Explanation

.....

.....

2

Explanation

.....

.....

[4]

- (b) Identify and explain **two** ways in which the local community may impact on a business such as *Beacon's View*.

1

Explanation

.....

.....

2

Explanation

.....

.....

[4]

9* After much discussion, it was decided that Kay's proposal should be implemented.

Evaluate the internal and external factors which may have led Kay and Pete to make this decision.

[12]

[illegible]

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