



Monday 19 May 2014 – 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	
Centre number		Candidate number	

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 the question marked with an asterisk (*).
- This document consists of **16** pages. Any blank pages are indicated.



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

1 (a) What is a co-operative?

..... [2]

(b) Roger and Julie did consider operating *Sweet Papaya* as a partnership.

Outline **two** differences between a partnership and a co-operative.

1

2

[4]

(c) Analyse ways in which being a co-operative is likely to have influenced how *Sweet Papaya* is managed. **[9]**

[illegible]

[illegible]

4

- 2 (a) Explain how the law impacts on *Sweet Papaya*.

.....

.....

.....

.....

.....

.....

.....

..... [4]

- (b) (i) What is meant by the term 'ethical trading'?

.....

.....

.....

..... [2]

- (ii) Identify and explain **two** ways in which *Sweet Papaya* could operate ethically.

1

Explanation

.....

.....

2

Explanation

.....

.....

[4]

(c) Evaluate the costs and benefits to *Sweet Papaya* of operating as an ethical business. **[12]**

[illegible]

This image shows a full page of white paper with horizontal dashed lines, typical of primary school writing paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

3 (a) From the case study, identify **two** of *Sweet Papaya's* external stakeholders.

1

2

[2]

(b)* Evaluate which stakeholder group is likely to have the greatest impact on the decision-making process of *Sweet Papaya*. [12]

[12]

[illegible]

[illegible]

- 4 (a) (i) The members of *Sweet Papaya* have agreed to rent the storeroom from the Students' Union. The table below shows some of the expenditure on transforming the storeroom into a functional shop and office.

Complete the variance analysis below by completing the unshaded boxes.

Item	Budget (£)	Actual (£)	Variance (£)	Variance (%)	Adverse/favourable
Electronic Till	200	180			
Refrigerators	400		50		Adverse
Fixtures		200	50		Favourable
Furniture	150			10	Adverse

[9]

- (ii) Identify **two** sources of finance which *Sweet Papaya* could have used to fund this capital expenditure.

1

2

[2]

- (b) Explain why historic budgeting would **not** have been suitable for *Sweet Papaya* when planning capital expenditure.

.....

.....

.....

..... [2]

10

- (c) Identify and explain one **advantage** and one **disadvantage** to *Sweet Papaya* of using zero-based budgeting.

Advantage

.....

.....

.....

Disadvantage

.....

.....

.....

[4]

- (d) Explain **two** reasons why budgetary control is important to *Sweet Papaya*.

1

.....

.....

.....

2

.....

.....

.....

[4]

- 5 Roger and Julie want to use break-even analysis in order to investigate some of the ideas raised at *Sweet Papaya's* recent monthly meeting.

(a) (i) State the formula for the calculation of the break-even level of output.

..... [1]

(ii) Why would the cost of renting the storeroom be classified as a fixed cost for *Sweet Papaya*?

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

(iii) Why would the cost of produce be classified as a variable cost for *Sweet Papaya*?

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

(b) (i) In order to cover the fixed cost of £50 per month rent which is to be charged to the boxes of fruit, the members of *Sweet Papaya* have agreed that the selling price of the fruit boxes should be increased to £4 per box. Each box of fruit costs *Sweet Papaya* £3.

Calculate the number of boxes of fruit which *Sweet Papaya* now needs to sell in order to break-even each month on its sales of fruit boxes.

Show your working:

Answer =

[2]

(ii) If in one month 80 boxes of fruit are sold, what will be the financial impact on *Sweet Papaya*?

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

6 *Sweet Papaya* is now considering the introduction of ICT.

(a) Suggest how a database could be used by *Sweet Papaya*.

.....
 [1]

(b) Identify and explain **two advantages** to *Sweet Papaya* of introducing ICT.

1

Explanation

.....

.....

2

Explanation

.....

..... [4]

(c) Identify and explain **two disadvantages** to *Sweet Papaya* of introducing ICT.

1

Explanation

.....

.....

2

Explanation

.....

..... [4]

[illegible]

[illegible]

END OF QUESTION PAPER

15
BLANK PAGE

PLEASE DO NOT WRITE ON THIS PAGE

PLEASE DO NOT WRITE ON THIS PAGE



Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, First Floor, 9 Hills Road, Cambridge CB2 1GE.

OCR is part of the Cambridge Assessment Group; Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.