



Oxford Cambridge and RSA

Thursday 18 May 2017 – 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. If additional space is required, you should use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the barcodes.

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

Answer **all** the questions.

1 Identify and explain **two** ways in which modern technology could:

(a) improve staff performance and productivity at *Nora's Nyonya Delights (NND)*

Way 1

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Way 2

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[4]

(b) reduce *NND*'s operating costs

Way 1

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Way 2

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[4]

(c) improve the quality of customer service at *NND*.

Way 1

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Way 2

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[4]

2 Analyse likely **disadvantages** to *NND* of introducing further new technology to the restaurant.

3 (a) Explain the difference between a cash flow statement and a cash flow forecast.

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[2]

(b) (i) Classify *NND*'s costs as either fixed or variable by placing a tick (✓) in the appropriate box for each cost. [5]

<i>NND</i>'s costs	Fixed	Variable
Ingredients		
Marketing		
Drinks		
Leasing of equipment		
Insurance		

(ii) Explain why coffee bags are a variable cost to *NND*.

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[2]

4 The table below shows the cash flow for coffee bags since they were introduced in January 2017.

Cash flow statement for coffee bags, January – April 2017

	January	February	March	April
	£	£	£	£
Cash inflow				
Sales revenue	1860	2700	3348	
Total inflow	1860	2700	3348	
Cash outflow				
Stock	620	900	1116	
Fixtures and fittings	484	0	0	0
Salaries	200	200	200	200
Rent	500	500	500	500
Rates	100	100	100	100
Overheads	200	200	200	200
Total outflow	2104	1900	2116	
Net cash flow	(244)	800	1232	
Opening balance	0	(244)	556	
Closing balance	(244)	556	1788	

Notes:

In April, 20 cartons of coffee bags were sold every day for 30 days.

The selling price per carton of 10 coffee bags is £6.

The cost of stock is 1/3 of sales revenue.

1/10 of rent, rates and overheads for the whole restaurant have been allocated to coffee bags.

(a) Complete the **seven** unshaded boxes in the cash flow statement above.

[7]

(b) Calculate the annual rent for the **whole restaurant**.

Show your workings:

Annual rent for the whole restaurant = _____

[3]

5 Explain the difference between direct and indirect costs.

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[2]

6 NND is facing some significant cost increases in May. Nora is keen to investigate the profitability of coffee bags.

Forecasted data is as follows:

- new selling price per carton of 10 coffee bags: £7.50
- variable costs: 1/3 of selling price
- fixed costs: £18 000 per annum.

(a) Calculate the break-even point for coffee bags in May.

Show your workings:

Break-even point = _____ cartons

[4]

(b) (i) Calculate the profit made in May if 1000 cartons of coffee bags were sold.

Show your workings:

Profit = _____

[4]

(ii) Explain whether or not selling 1000 cartons of coffee bags a month is a realistic target.

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[2]

7* Evaluate which **external** factor is most likely to have the greatest impact on the break-even point of coffee bags at *NND*. [12]

8 Carry out a SWOT analysis on *NND*'s **restaurant** business by completing the **twelve** boxes in the table below.

Factor	One example of factor affecting <i>NND</i> 's restaurant	Explanation of the impact of the factor on <i>NND</i> 's restaurant
S _____		
W _____		
O _____		
T _____		

[12]

12

9 NND's restaurant operates in a highly competitive market.

Evaluate the ways in which this market structure could affect Nora's decision to expand to other major cities around the UK. [12]

10 NND is considering whether to use the worker co-operative ownership model or the traditional franchise model for its expansion into major cities in the UK.

Evaluate which of these two models is likely to be preferred by those interested in opening new NND restaurants. [12]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

If additional space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margin(s).





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