

Wednesday 11 January 2012 – 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 **16** pages. Any blank pages are indicated.



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

- 1 Three stakeholders of the canals are canal boat users, anglers and environmentalists.

- (a) From **Appendix 2** in the case study, identify **two** other stakeholders of the canals.

Stakeholder 1:

Stakeholder 2: [2]

- (b) Explain how the interests of anglers and environmentalists might conflict with those of canal boat users.

Anglers:

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Environmentalists:

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[4]

- (c) What is the difference between stakeholder interests and stakeholder influence?

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[2]

[Total: 8]

- 2 Currently *The Floating Lotus* has the following annual costs:

Mooring fee	£ 2700
British Waterways licence	£ 1900
Drinks' licence	£ 95
Insurance	£ 2400
Maintenance	£ 2200
Fuel, heating and lighting	£ 2180
Carmen and Lee's combined salaries	£30 000

- (a) Explain why the costs listed above could be classified as fixed costs.

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[2]

- (b) The average spend per customer at *The Floating Lotus* is £5 and the average cost of serving each customer is £1.50. Calculate the gross profit per customer.

Show your working:

Gross profit per customer = £

[2]

- (c) What is the difference between gross profit and net profit?

.....

[1]

- (d) Calculate the number of customers *The Floating Lotus* currently needs to serve each **month** in order to break-even.

Show your working:

Break-even number of customers per month

[4]

- (e) Analyse ways in which *The Floating Lotus* could lower its current break-even point.

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[9]

[Total: 18]

- 3 (a) Identify **two** types of computer software which a business such as *The Floating Lotus* could use in order to organise its paperwork. For each type of computer software identified, explain **two** ways in which it could be used within *The Floating Lotus*.

Type of software	Explanation of how it could be used within <i>The Floating Lotus</i>	
	1.	2.
	1.	2.

[6]

- (b) Evaluate possible impacts on *The Floating Lotus* of using a website to market its services.

[12]

[Total: 18]

- 4 (a) 'Even though cash-flow is positive, *The Floating Lotus* is only just breaking even each month.' Explain why a positive cash-flow does not necessarily mean that a profit has been made.

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[2]

- (b) Identify **two** reasons why it is important that Carmen closely examines the cash-flow forecast which Lee promised to draw up in relation to his proposal.

Reason 1:

Reason 2:

[2]

- (c) Using the information provided below, complete the unshaded boxes in Lee's cash-flow forecast for April 2012.

Estimated number of customers	1050
Average spend per customer	£6
Cost of stock as a percentage of sales	30%
Annual combined salaries	£30 000

Lee's cash-flow forecast for April 2012

	£
Cash inflow	
Sales	
Total inflow	
Cash outflow	
Mooring fee	225
British Waterways licence	158
Drinks' licence	8
Insurance	200
Maintenance	183
Fuel, heating and lighting	181
Salaries	
Stock	
Internet provider and telephone	200
Sundry expenses	50
Total outflow	
Net cash-flow	
Opening balance	5000
Closing balance	

[6]

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[12]

[Total: 23]

- 5 (a) Other than interest rates and exchange rates, identify **four** external influences on **Carmen's** proposal to introduce a buffet style restaurant. For each influence, explain how it could affect the success of **Carmen's** proposal.

External influence 1:

Explanation:

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External influence 2:

Explanation:

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External influence 3:

Explanation:

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External influence 4:

Explanation:

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[12]

- (b) Explain why a change in interest rates is likely to have a greater impact on **Carmen's** proposal for *The Floating Lotus* than a change in exchange rates.

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[3]

[Total: 15]

- 6 (a) In order to fund **Carmen's** proposal, Carmen and Lee could either sell their four bedroomed house or get a bank loan. Explain **one** advantage to Carmen and Lee of each of these methods of funding.

Sell house:

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Bank loan:

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[4]

- (b) Other than the name, address and the starting date of their partnership, identify **two** items on which Carmen and Lee should have agreed when starting their business.

Item 1:

Item 2: [2]

- (c)* Discuss whether *The Floating Lotus* should remain a partnership or become a private limited company if it is decided to go ahead with **Carmen's** proposal.

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[12]

[Total: 18]



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