

Candidate Name	Centre Number	Candidate Number
		2



GCE AS/A level

1601/01

APPLIED BUSINESS

UNIT ABUS1

Paper version of on-screen assessment

P.M. MONDAY, 16 May 2011

2 hours

For Examiner's use only

Section A	20
Section B	80
Total Mark	100

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INSTRUCTIONS TO CANDIDATES

Use black ink or ball-point pen.

Write your name, centre number and candidate number in the spaces at the top of this page.

Answer **all** questions in Section A and Section B.

Section A 20 marks Short-answer questions based on Mike Stuart of *Berry's Bikes*.

Section B 80 marks Short-answer and extended-answer questions based on Mike Stuart of *Berry's Bikes*.

INFORMATION FOR CANDIDATES

Quality of Written Communication will be assessed in the response to questions **5(b)** and **14** in Section B.

Electronic calculators may be used.

SECTION A

Answer **all** questions in this section.



Hello. My name's Mike Stuart. When I left college I started work at Halfords, a national retail chain, as a BikeHut Technician. The company sells adult, children's and performance bikes as well as car parts and accessories. When I worked there my job included serving customers and repairing bikes. I love working with bikes and I've recently changed jobs, joining Berry's Bikes, a small specialist bike shop in my local town.

1. *Halfords* is a public limited company. This means that it:
- A must publish its financial statements
 - B provides unlimited liability for its owners
 - C is in the public sector of the economy
 - D sells to the public and not to other PLCs

Which of the above statements is correct: **A, B, C** or **D**?

Answer

[1]

2. Cash flow forecasts are used by the directors of *Halfords* to forecast
- A amounts of profit and cash
 - B expected movements of cash
 - C future levels of net profit
 - D past cash inflows and outflows

Which of the above statements is correct: **A, B, C** or **D**?

Answer

[1]

3. The best example of an innovative product sold by *Halfords* is a
- A set of spanners
 - B book on how to service a Ford Focus
 - C car rear-view colour camera
 - D car cleaning shampoo

Which of the above statements is correct: **A, B, C** or **D**?

Answer

[1]

4. The directors of *Halfords* could use break-even analysis to show
- A revenue and cost variances
 - B the margin of safety
 - C assets and liabilities
 - D cash surpluses and deficits

Which of the above statements is correct: **A, B, C** or **D**?

Answer

[1]

5. *Halfords* shows its organisational structure in the form of an organisation chart.

State **two** benefits to *Halfords* of showing its organisational structure in this form.

[2]

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6. The following are work roles and tasks at *Halfords*. Match each work role with a suitable task (there will be two tasks that you will **not** use) by writing the underlined word or phrase in the relevant box. [2]

Work roles

Chief Executive

Stock Controller

HR employee

Tasks

Promoting the company's products

Recording part-time staff details

Managing one of the outlets

Organising products received

Developing new business

7. Read the information below, which is taken from the website of *Berry's Bikes*.

- A** *Berry's Bikes* is an independent family-run business, established over 30 years. We stock a wide selection of cycling goods, tested by our suppliers for performance and ensuring value for money. We have a warehouse and website, and have grown rapidly as a result of supplying bikes and parts all over the UK and the rest of Europe through our mail-order service.
- B** Our reputation has been built on quality service. We guarantee all customers will have specialist advice from our employees, cycling enthusiasts who understand all forms of cycling. All can offer quality advice from personal experience.
- C** We offer a fast and efficient delivery service, free to the UK. Delivery is usually next day by Royal Mail or Parcelforce. We offer free support for the first two months of ownership to guarantee your new bike is what you want.

(a) Identify **three** stakeholder groups named in this information. [3]

Stakeholder group 1

Stakeholder group 2

Stakeholder group 3

(b) Using this information devise an overall business **aim** suitable for *Berry's Bikes*. [2]

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8. Using the website information in Question 7, write a business **objective** suitable for **each** paragraph. [3]

Paragraph A

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Paragraph B

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Paragraph C

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9. As an entrepreneur, the owner of *Berry's Bikes* must be willing to take business risks to make *Berry's Bikes* successful.

Describe **two other** personal qualities or characteristics that the owner of *Berry's Bikes* needs to make the business a success. [4]

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SECTION B

Answer **all** questions in this section.

1.



Although I enjoyed working at Halfords, I was pleased to get my new job because I now have more responsibilities. Berry's Bikes gave me the job not only because of my experience with bikes, but also because I am good with ICT software, and at interview my A level Applied Business helped me answer questions on how business works.

Name an organisation that you have studied and describe briefly what it does. You will use this business to answer questions 2(a), 2(b) and 3.

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[1]

2. (a) Outline **one** way in which the external environment has influenced the work of your chosen organisation.

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[3]

(b) Explain whether the work of *Berry's Bikes* is likely to be influenced to the same extent by the external influence outlined in Question 2(a).

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[3]

3. Explain how business software helps or might help your chosen organisation to carry out **any two** of the following tasks.

- Forecasting
- Decision making
- Selling
- Communicating

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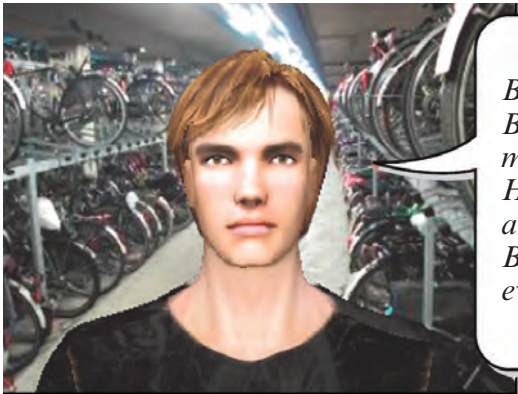
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[8]

4.



Brian MacLean, my boss, is the owner of Berry's Bikes. Brian faces a lot of competition in the cycle market, and I know national retailers such as Halfords sell many more bikes than we do. We have a loyal group of customers and regular sales, but Brian realises how important it is to at least break even.

Brian MacLean knows that the fixed costs of *Berry's Bikes* average £906.00 each month, and each bike sold contributes on average £37.75 towards these fixed costs.

- (a) Calculate the number of bikes that *Berry's Bikes* must sell each month in order to at least break even.

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[2]

- (b) What is the profit or loss if *Berry's Bikes* sells an average of 42 bikes each month?

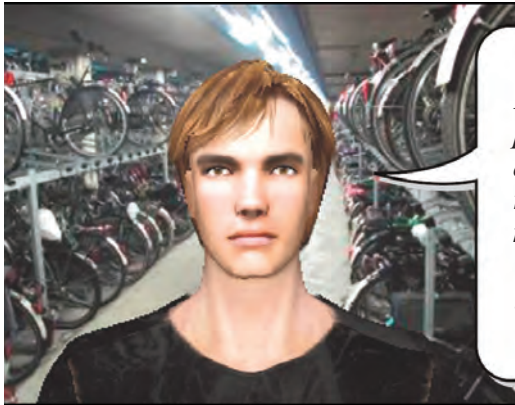
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[2]

6.



At Berry's Bikes we're introducing a new range of performance bikes. These are special high-quality and high-performance bikes for activities such as road racing and triathlons, and are made by manufacturers such as Boardman and Carrera. Our owner is preparing budgets, and he's asked me to help because of my business knowledge.

Manufacturers of performance bikes are likely to benefit from using budgeting for **control** by:

- comparing actual figures with budgeted figures
- analysing any variances that arise.

Explain **two other** ways these manufacturers are likely to benefit from using budgeting.

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[6]

7. Brian has asked Mike to create *Berry's Bikes* sales budget for performance bikes. Mike has the following information.

Bike make and model

Expected sales	<i>Carrera 'Vanquish'</i>	<i>Boardman 'Road Comp SC'</i>	<i>Boardman 'MTB Comp'</i>
Month 1	8	4	2
Month 2	8	5	2
Month 3	10	6	3
Selling price	£495	£645	£775

In the table below, calculate the sales budgets for each model by month, and the total sales budget. [4]

Month	<i>Vanquish</i> (£)	<i>Road Comp SC</i> (£)	<i>MTB Comp</i> (£)	Total (£)
1				
2				
3				
Total				

8. An extract from a recent weekly wages budget for *Berry's Bikes* is shown below.

WAGES BUDGET	
Full-time wages:	2 employees at £375 per week each
Part-time wages:	
	Salim, 2 days (16 hours) at £9.00 per hour
	Wyn, 1 day (8 hours) at £8.50 per hour
	Gem, 2 days (16 hours) at £8.50 per hour

The actual wages paid for the week were £1166.

Using the table below, calculate the overall variance for wages.

[4]

	Wages
Budget: full-time (£)	
Budget: part-time (£)	
Actual (£)	
Variance (£)	
Favourable or adverse	

9. Consider likely reasons for the variance you have calculated in Question 8.

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[6]

10. Brian has implemented Quality Assurance at *Berry's Bikes*.

(a) What is meant by 'Quality Assurance'?

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[2]

(b) Why is it a suitable quality initiative for *Berry's Bikes*?

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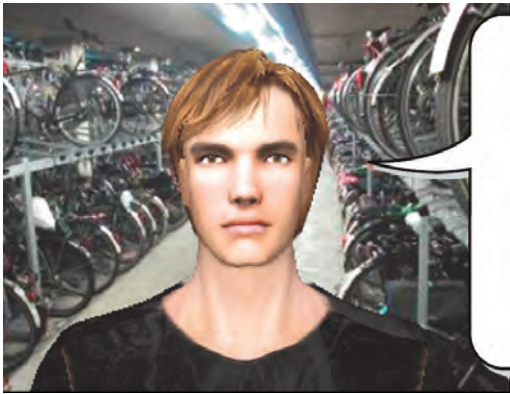
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[3]

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11.



Brian, the owner of Berry's Bikes, has given me some recent financial information. Brian knows that I've studied financial ratios, and he's hoping that I can give him some advice and work out a few figures. This will save him some of the cost of paying an accountant to do this work. It's great to be so involved in the business!

The financial information given to Mike is shown below.

Figure or ratio	December 2010
Inventory (stock) of bikes and parts	£20 160
Other current assets	£25 920
Current liabilities	£28 800
Profit for the year	£33 350
Capital employed	£416 875
Debtor collection period	42 days

Using this information, calculate the following ratios for 2010:

- Return on capital employed

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- Current ratio

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- Acid test ratio

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12. What is meant by ‘Debtor collection period 42 days’?

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13. Identify other information that Brian, the owner, needs in order to make a fuller judgement of the performance of *Berry's Bikes*.

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[4]

