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|-------------|---------------|------------------|
| Surname     | Centre Number | Candidate Number |
| Other Names |               | 2                |



**GCE AS/A level**

1601/01

**APPLIED BUSINESS**

**UNIT ABUS1**

**Paper version of on-screen assessment**

P.M. MONDAY, 14 May 2012

2 hours

**For Examiner's use only**

|                   |     |
|-------------------|-----|
| <b>Section A</b>  | 20  |
| <b>Section B</b>  | 80  |
| <b>Total Mark</b> | 100 |

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**INSTRUCTIONS TO CANDIDATES**

Use black ink or black 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 *The Club Media Centre*.

**Section B** 80 marks Short-answer and extended answer questions based on *The Club Media Centre*.

**INFORMATION FOR CANDIDATES**

Quality of Written Communication will be assessed in the response to questions **11** and **14** in Section B.

Electronic calculators may be used.

## SECTION A

Answer **all** questions in this section.



Hello. Thanks for joining us on Work Experience at The Club Media Centre. My name is Jane Hunter and I work as the manager here. The Club started in the 1980s in an old factory building, which has now been partly re-built to suit our needs. We employ full-time staff and also have part-time staff and volunteers. The Club has two cinema screens and a café area, and as well as showing films we also hold art exhibitions, conferences and special events.

1. The changing tastes of local people influence the choice of activities and events at *The Club*. 'Changing tastes' is an example of a:
- A political influence
  - B legal influence
  - C social influence
  - D technological influence

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

Answer

[1]

2. Which of the following is a source of cash **inflow** for *The Club*?
- A Grants from the European Union
  - B Salaries of part-time employees
  - C Advertising films to be shown
  - D Equipment bought by credit sale

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

Answer

[1]

3. *The Club* has a website. What type of resource is this?

- A Human
- B Financial
- C Informational
- D Physical

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

*Answer*

[1]

4. *The Club* is run as a not-for-profit business. This means that:

- A business people cannot be involved in its work
- B it uses surplus funds to help achieve its goals
- C it must be in the public sector of the UK economy
- D its profits and losses must be the same over time

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

*Answer*

[1]

5. For each cost underlined below, tick (✓) **one** box to show whether it is more likely to be fixed or variable.

**Cost**

The business ‘pay as you go’ mobile phone

Food sold in the café

Hire of the films shown in the cinema

Full-time staff salaries

The cost of power when an event is held

Insurance on the premises

|  | Fixed | Variable |
|--|-------|----------|
| The business ‘pay as you go’ <u>mobile phone</u> |       |          |
| <u>Food</u> sold in the café                     |       |          |
| Hire of the <u>films</u> shown in the cinema     |       |          |
| Full-time <u>staff salaries</u>                  |       |          |
| The cost of <u>power</u> when an event is held   |       |          |
| <u>Insurance</u> on the premises                 |       |          |

[3]

6. As manager, Jane needs to ensure that *The Club* offers a quality service. Match the description that best describes the quality initiative by writing **A**, **B**, **C** or **D** into the appropriate box.

**Quality initiative**

|                 |                   |                 |                     |
|-----------------|-------------------|-----------------|---------------------|
| Quality control | Quality assurance | Quality circles | Investors in People |
|-----------------|-------------------|-----------------|---------------------|

**Descriptions:**

- A** *The Club's* employees meet to discuss work-related matters
- B** a systematic review to ensure *The Club's* service is problem-free
- C** a framework helping *The Club* develop its performance through its employees
- D** inspecting the accuracy of work undertaken at *The Club*.

[3]

7. Jane Hunter is responsible for business planning at *The Club*.

- (a) Suggest **one** appropriate source of information for **each** section of *The Club's* business plan identified below.

| Business plan section                       | Source of information |
|---|-----------------------|
| Aim and objectives of <i>The Club</i>       |                       |
| <i>The Club's</i> marketing plan            |                       |
| <i>The Club's</i> capital expenditure plans |                       |

[3]

(b) State **two** items of information likely to be included in *The Club's* marketing plan.

[2]

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8. (a) Explain how computer **spreadsheet** software is likely to help *The Club* carry out business decision-making.

[4]

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(b) Jane uses email software to send information to existing customers who have registered on *The Club's* website. State **one other** business task that Jane is likely to use the email software for.

[1]

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## SECTION B

Answer **all** questions in this section.

1.



*I'm pleased that you have started work. It's important to understand what we do and why we do it, so I'd like you to read the leaflet I'll give you shortly. You'll see that *The Club* is different from many other organisations because we're run as a not-for-profit business and we receive grants and other funding from various organisations.*

Study the information below, which is from one of *The Club's* publicity leaflets.

*The Club Media Centre*

*A The Club* is a not-for-profit organisation supported and funded by organisations which include the Arts Council, the local university and council. It is encouraged to develop its media and educational activities through funds from The National Lottery. *The Club* is part of the Europa Cinemas Network, which supplies the films shown.

*B The Club's* aim is to increase the enjoyment and understanding of film, video, photography and other creative media and to illustrate their value to the cultural, social and economic life of our town.

*C The Club* employs 10 full-time staff and a team of part-time staff and volunteers. It offers education and training in media production, shows films and provides exhibitions, conferences and events. In addition to visiting and participating in *The Club's* wide range of activities, customers can spend time enjoying quality refreshments in the café area.

Identify **one internal** and **one external** stakeholder group mentioned in the leaflet. [2]

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2. Name an organisation that you have studied that does **not** provide services similar to *The Club*, and describe briefly what it does. You will use this organisation to help answer questions 3 and 4. [1]

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3. Your chosen organisation will have internal and external stakeholder groups. Name **one internal** and **one external** stakeholder group for your organisation that are **different** from the stakeholder groups you have identified in question 1. [2]

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4. (a) Construct an overall business aim suitable for your chosen organisation. [2]

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(b) Using the information provided in the leaflet (Section B question 1), compare and contrast your chosen organisation with *The Club* in the following:

• The overall business aim [4]

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• Sources of funding. [4]

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5.



*We like to think that The Club meets local demand for quality films and other entertainment. The cinema is our main activity. We show two films a day, changing the programme every week. In town there is another cinema that has 12 screens, so whilst we can't offer the same choice of films, we try to offer something different. We've come quite a long way since we started in 1986.*

The 12-screen cinema is part of a chain of cinemas owned, controlled and financed by *Cineworld Cinemas Ltd*. State **one** feature of *Cineworld Cinemas Ltd*'s:

- ownership [1]

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- control [1]

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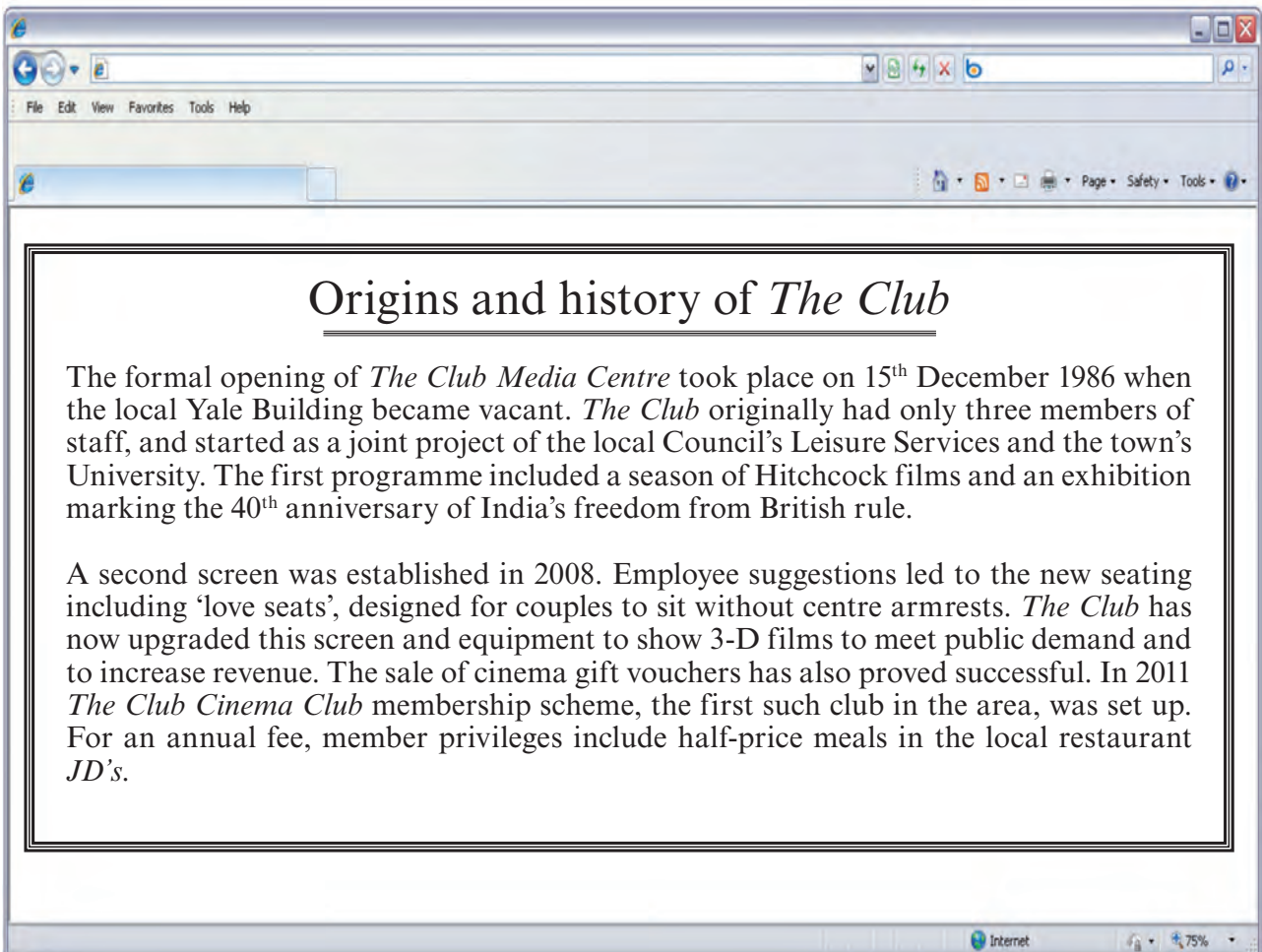
- short-term financing. [1]

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6. Study the following extract from *The Club*'s website.



Identify **four** examples of recent entrepreneurial or innovative activity by *The Club* referred to in the extract. [4]

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8.



*Films are our main activity and our regular income-generator. We're delighted to be able to offer a 3-D experience in the new screen, although the main screen is still more popular with our customers. We need to monitor ticket sales and other aspects of the cinemas to make sure we at least balance our costs and revenues.*

The information below shows *The Club's* monthly sales budget and the actual revenue from ticket sales for last month, for the two cinema screens.

| <b>Sales budget</b>            | <i>Customers</i> | <i>Average price paid</i> |
|--------------------------------|------------------|---------------------------|
| • <b>Screen A</b>              | 4 500            | £5.25 each                |
| • <b>Screen B (3-D screen)</b> | 2 750            | £6.50 each                |

| <b>Actual revenue from ticket sales</b> |                              |
|---|------------------------------|
| • <b>Screen A</b>                       | £24 200 from 4 400 customers |
| • <b>Screen B (3-D screen)</b>          | £18 200 from 2 800 customers |

Complete the table below to show the sales variances for both screens and the total sales variance. [4]

|                               | <b>Screen A</b> | <b>Screen B (3-D)</b> | <b>Total</b> |
|-------------------------------|-----------------|-----------------------|--------------|
| <b>Actual revenue (£)</b>     |                 |                       |              |
| <b>Budgeted revenue (£)</b>   |                 |                       |              |
| <b>Variances (£)</b>          |                 |                       |              |
| <b>Adverse or Favourable?</b> |                 |                       |              |



10. At *The Club*, Jane uses break-even analysis. She has calculated that the new 3-D screen:

- needs 70 customers each day to break even
- at present has a margin of safety of 20 customers a day.

Explain what is meant by the following, **in this situation**:

(a) ‘70 customers each day to break even’ [2]

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(b) ‘margin of safety of 20 customers a day’. [2]

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12.



*Although we are a not-for-profit organisation we run some of our activities deliberately to make profits, which help us to finance our main activities. Examples of profit-making activities at The Club include running the café, which is popular with cinema customers, and holding conferences and special events.*

Jane has sent you the note shown below.

### *THE CLUB MEDIA CENTRE*

As you know, with London 2012 in mind we've put on a free exhibition of film and photographs taken at past Olympic Games. To meet the exhibition's costs, we are holding a number of film and photography 'masterclasses', which will bring us fee income from delegates who attend.

Here is the information – please let me know whether we will make a profit or loss.

Jane.

**Exhibition costs:**

|                  |                    |
|------------------|--------------------|
| Free tea/coffee  | 20p x 425 visitors |
| Heat/light/power | £220               |
| Equipment hire   | £450               |
| Extra labour     | £72                |

**Delegate fees:**

|                            |                                 |
|----------------------------|---------------------------------|
| Film masterclasses:        | 23 delegates booked at £45 each |
| Photography masterclasses: | 7 delegates booked at £35 each  |
| Other income:              | expected to be £1 per delegate. |





13. Jane is planning to increase the number of seats in the café. She has obtained the figures for the café shown below.

*THE CLUB MEDIA CENTRE*

|                            | <b>Jan – Mar<br/>2012</b> | <b>Jan – Mar<br/>2011</b> |
|----------------------------|---------------------------|---------------------------|
|                            | <b>£</b>                  | <b>£</b>                  |
| Revenue from food/drinks   | 14 640                    | 12 200                    |
| Cost of food/drinks        | 6 588                     | 4 880                     |
| Gross profit               | 8 052                     | 7 320                     |
| Expenses                   | 5 856                     | 5 490                     |
| Net profit                 | 2 196                     | 1 830                     |
|                            |                           |                           |
| Fixed (non-current) assets | 320                       | 350                       |
| Current assets             | 500                       | 400                       |
| Closing stock (inventory)  | 200                       | 200                       |
| Current liabilities        | 400                       | 500                       |

Calculate for Jane the ratios for the café for **January – March 2012**. Show your answers in the table. [8]

| Ratio  | January – March 2012   |
|--|--|
| Gross profit margin                                  | $\frac{\boxed{\phantom{000000}}}{\boxed{\phantom{000000}}} \times \boxed{\phantom{000000}} = \boxed{\phantom{000000}}$ |
| Net profit margin<br>(Profit in relation to Revenue) | $\frac{\boxed{\phantom{000000}}}{\boxed{\phantom{000000}}} \times \boxed{\phantom{000000}} = \boxed{\phantom{000000}}$ |
| Acid test ratio                                      | $\frac{\boxed{\phantom{000000}}}{\boxed{\phantom{000000}}} = \boxed{\phantom{000000}}$                                 |
| Current ratio  | $\frac{\boxed{\phantom{000000}}}{\boxed{\phantom{000000}}} = \boxed{\phantom{000000}}$                                 |

