

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced Subsidiary GCE

APPLIED BUSINESS

F242

UNIT 3: Understanding the Business Environment

Thursday

8 JUNE 2006

Morning

1 hour 30 minutes

Candidates answer on the question paper.

Additional materials:

Pre-release case study material (clean copy);

Calculator.

Candidate Name	Centre Number	Candidate Number												
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TIME 1 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

- Write your name, Centre number and candidate number in the boxes above.
- Answer **all** questions.
- Write your answers, in blue or black ink, in the spaces provided on the question paper.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- If you run out of space for an answer, continue on the lined pages at the back of this booklet.
- If you use these lined pages, you must write the question number next to your answer.
- Tell the invigilator if you do not have something that you need.
- You may use an approved calculator.

INFORMATION FOR CANDIDATES

- The number of marks available is given in brackets [] at the end of each question or part question.
- The quality of written communication will be taken into account in marking your answer to the question marked with an asterisk (*).
- The total number of marks for this paper is 100.

FOR EXAMINER'S USE	
1	
2	
3	
4	
TOTAL	

This question paper consists of 11 printed pages, 3 lined pages and 2 blank pages.

1 (a) Cheeky Monkeys Nursery Ltd is a private limited company.

Describe **one** advantage and **one** disadvantage of this type of ownership.

Advantage:
.....
.....
.....

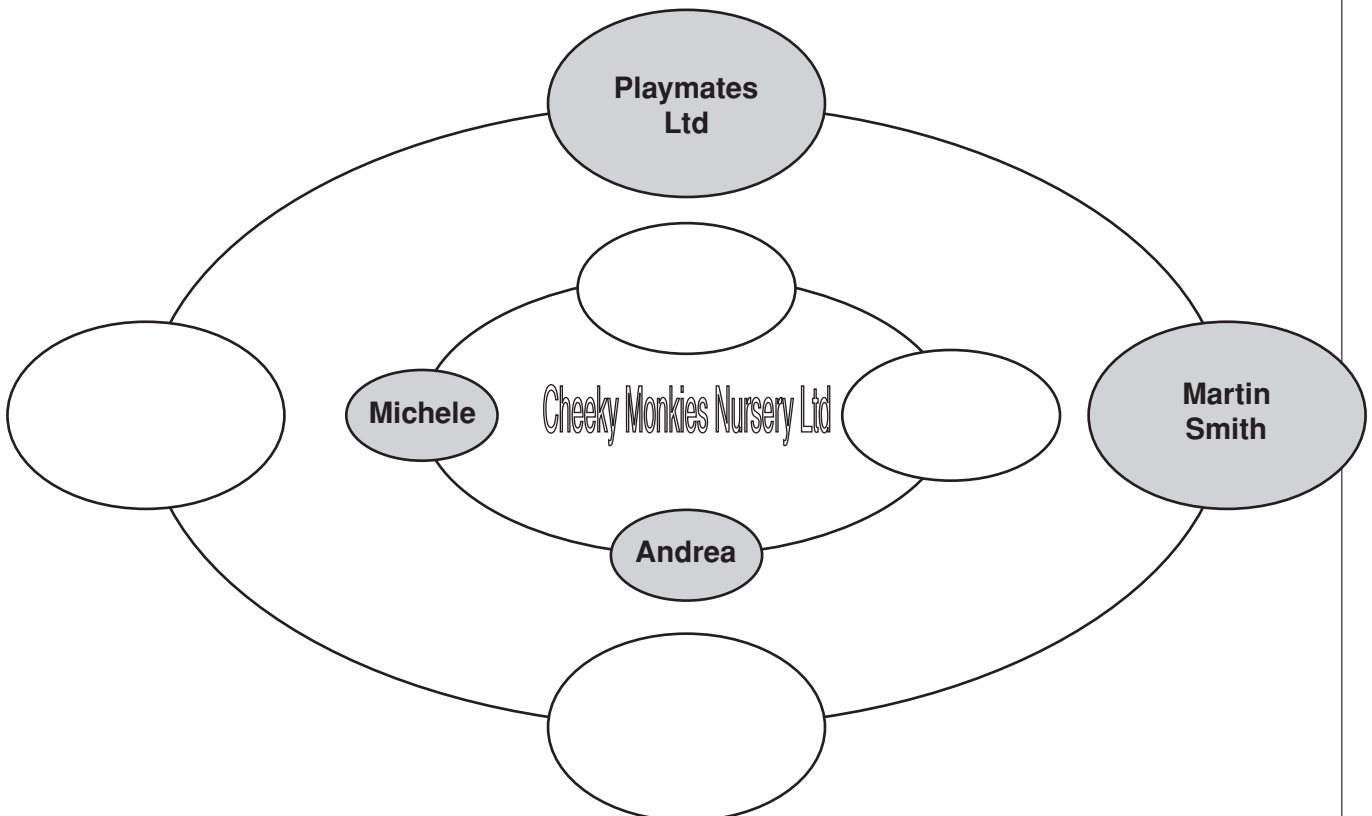
Disadvantage:
.....
.....
.....[4]

(b) The diagram below shows **two** internal and **two** external stakeholders in Cheeky Monkeys Nursery Ltd.

Identify on the diagram:

- **two other** internal;
- **two other** external;

stakeholders in Cheeky Monkeys Nursery Ltd. [4]



2 (a) What is meant by the term 'cash flow forecast'?

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

(b) Identify and explain **two** benefits to Cheeky Monkeys Nursery Ltd of the preparation of a cash flow forecast.

Benefit 1:
.....

Explanation:
.....
.....

Benefit 2:
.....

Explanation:
.....
.....
.....[6]

(c) Andrea has prepared the following cash flow statement.

Complete the unshaded boxes in the cash flow statement below.

[6]

	Nov-05	Dec-06	Jan-06	Feb-06	Mar-06	Apr-06	May-06
Inflows							
Sales revenue	25000	23000	21000	21000	18000	16000	15000
Total inflows	25000	23000	21000	21000	18000	16000	15000
Outflows							
Rent and rates	8000	8000	8000	8000	8000	8000	
Wages	11500	11500	11500	11500	11500	11500	11000
Materials	2500	2300	2100	2100	1800	1600	1500
Loan	600	600	600	600			
Other expenses	1000	1000	1000	1000	1000	1000	
Total outflows	23600	23400	23200	23200	22300	22100	
Net cash flow	1400	-400	-2200		-4300	-6100	
Opening balance	4000		5000	2800	600	-3700	-9800
Closing balance	5400	5000	2800	600	-3700	-9800	

3 (a) Define the term 'budget'.

.....

.....

.....

.....[2]

(b) Andrea has suggested to Mrs Miggins that a greater use of budgetary control might be of benefit to Cheeky Monkeys Nursery Ltd.

State **two** purposes of a budget.

Purpose 1:

.....

Purpose 2:

.....[2]

(c) Andrea has been analysing Mrs Miggins' food budget. Identify and explain **two** benefits to Cheeky Monkeys Nursery Ltd of using variance analysis.

Benefit 1:

.....

Explanation:

.....

.....

.....

Benefit 2:

.....

Explanation:

.....

.....

.....[6]

- 4 (a) Using evidence from the case study, complete the SWOT analysis grid below identifying **three** strengths, weaknesses, opportunities and threats to Cheeky Monkeys Nursery Ltd. [12]

Strengths	1.
	2.
	3.
Weaknesses	1.
	2.
	3.
Opportunities	1.
	2.
	3.
Threats	1.
	2.
	3.

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Dotted lines for writing or marking.

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