

ADVANCED SUBSIDIARY GCE

F242

APPLIED BUSINESS

Unit 3: Understanding the Business Environment

WEDNESDAY 9 JANUARY 2008

Morning

Time: 1 hour 30 minutes

Candidates answer on the question paper.

Additional materials (enclosed): Clean Copy Case Study F242/CS

Additional materials (required):

Calculator

| Calculato |)I | | | | | |
|-----------------------|----|--|----------------------|--|--|--|
| Candidate Forename | | | Candidate Surname | | | |
| Centre Number | | | Candidate Number | | | |

INSTRUCTIONS TO CANDIDATES

- Write your name in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use blue or black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer all the questions.
- Do **not** write in the bar codes.
- Do **not** write outside the box bordering each page.
- Write your answer to each question in the space provided.
- Additional answer space is available on the lined pages at the back of this booklet. Answers on these
 pages must be clearly numbered.

INFORMATION FOR CANDIDATES

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

| FOR EXAMINER'S USE | | | | | |
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| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| TOTAL | | | | | |

This document consists of 13 printed pages, 2 lined pages and 1 blank page.

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| 1 | (a) | Other than Wayne and Cheryl, identify two stakeholders in <i>Wayne's Gardening Services</i> (WGS). |
|---|-----|---|
| | | Stakeholder 1: |
| | | Stakeholder 2:[2] |
| | (b) | What is meant by a sole trader business? |
| | | |
| | | |
| | | [2] |
| | (c) | State three problems associated with operating a business as a sole trader. |
| | | Problem 1: |
| | | Problem 2: |
| | | |
| | | Problem 3: |
| | | [3] |
| | (d) | What is meant by a franchise? |
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| u | ıp in business. |
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| 2 | Wayne had estimated that the work undertaken for Mr Jones would take him and Charlie two days |
|---|---|
| | at eight hours per day. For this work Charlie would be paid £7.50 per hour and Wayne would need |
| | to hire equipment at £100 per day for two days. |

| (a) | Using this information complete the budget statement below. | [3] |
|-----|---|-----|
| | | |

| Item | Budget Cost (£) |
|----------------------|-----------------|
| Hire of equipment | |
| Consumables (petrol) | 20 |
| Payment to Charlie | |
| Total cost | |

(b) Calculate Wayne's expected profit on the £500 that he charged Mr Jones for undertaking this work. [2]

| | Answer: £ |
|-----|---|
| (c) | State two items that Wayne should have included in his calculation but which he omitted from his budget statement in part a . |
| | Item 1: |
| | Item 2: |

Show your working:

| | | 5 | |
|-----|------|---|---------|
| (d) | | practice the work took four days, the equipment was needed for all four days, ked a total of 34 hours and the cost of petrol was £36. | Charlie |
| | Cal | culate the: | |
| | (i) | profit or loss made by Wayne on this job; | [4] |
| | | Show your working: | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | Answer: £ | |
| | (ii) | total profit variance. | [2] |
| | | Show your working: | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | Answer: £ | |

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(e) Cheryl is trying to persuade Wayne to purchase a personal computer to improve the administration of his business.

Using the table below, identify for a small business such as WGS:

- three ways in which ICT could be used;
- three advantages of using ICT;
- three costs associated with the introduction and use of ICT.

Three ways in which ICT could be used 1. 2. 3. Three advantages of using ICT 1. 2. 3. Three costs associated with the introduction 1. and use of ICT 2. 3.

[Total: 22]

[9]

3

| As bas | part of his plan to expand the business, Wayne decided to lease a new van on a long-term is in order to store and transport equipment. |
|-----------|--|
| (a) | What is meant by the term 'leasing'? |
| | |
| | |
| | |
| | [2] |
| (b) | Analyse alternative sources of finance which would enable Wayne to acquire the new van. |
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| | [9] |

[6]

(c) (i) Complete the following cashflow statement/forecast.

| | | | STA | ATEME | NT | | | | | FC | RECA | ST |
|--|-------|------|------|-------|------|------|------|-----------|-----------|-----------|-------|-------|
| £ Apr May Jun Jul Aug Sep Oct Nov Dec 07 07 07 07 07 07 07 07 07 | | | | | | | | Jan 08 | Feb 08 | Mar 08 | | |
| Cash Inflow | 2023 | | 3118 | 3618 | 3250 | 2890 | 2260 | 1258 | 1018 | 1000 | 1200 | 2000 |
| Cash Outflow | | | | | | | | | | | | |
| Vehicle | 250 | 250 | 310 | 315 | 318 | 310 | 280 | 237 | 180 | 200 | 200 | 200 |
| Wages | 455 | 475 | 528 | 565 | 570 | 470 | 350 | 0 | 0 | 0 | 0 | 0 |
| Loan Repayments | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Other Outflow | 255 | 280 | 293 | 350 | 421 | 470 | 300 | 250 | 270 | 250 | 250 | 250 |
| Drawings | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| Total Outflow | 2360 | 2405 | | 2630 | 2709 | 2650 | 2330 | 1887 | 1850 | 1850 | 1850 | 1850 |
| Net Cash Flow | (337) | 45 | 587 | 988 | 541 | 240 | | (629) | (832) | (850) | | 150 |
| Closing Balance | 250 | 295 | | 1870 | 2411 | 2651 | 2581 | | 1120 | 270 | (380) | (230) |

| (ii*) | Evaluate possible solutions for the cashflow problems facing WGS. |
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| | | [12] |
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| | ayne decides to go ahead with the plan to lease a new van. This involves a cash outflown month payable on the first of each month starting in February 2008. | |
| per | | |
| per | r month payable on the first of each month starting in February 2008. | w of £200 |

[Total: 31]

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| 4 | (a) | (i) | Identify and describe two ways in which a change in the political environment could affect Wayne's business. |
|---|-----|------|--|
| | | | Way 1: |
| | | | |
| | | | Description: |
| | | | |
| | | | Way 2: |
| | | | |
| | | | Description: |
| | | | [4] |
| | | (ii) | Identify and describe two ways in which a change in the social environment could affect Wayne's business. |
| | | | Way 1: |
| | | | |
| | | | Description: |
| | | | |
| | | | Way 2: |
| | | | |
| | | | Description: |
| | | | [4] |

| b) | What is meant by each of the following terms: |
|----|---|
| | • inflation? |
| | |
| | |
| | |
| | • interest rate? |
| | |
| | |
| | |
| | • unemployment? |
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| Evaluate the conditions. | e extent t | o wnich | WGS IS | ыкегу | то ре | апестеа | by cna | anges II | n economi |
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| If you use these lined pages you must write the question number next to your answer. | | | | | | | |
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