

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS  
AS GCE**

**F242/01**

**APPLIED BUSINESS**

**Understanding the Business  
Environment**

**MONDAY 20 MAY 2013: Afternoon**

**DURATION: 1 hour 30 minutes  
plus your additional time allowance**

**MODIFIED ENLARGED**

<b>Candidate forename</b>		<b>Candidate surname</b>	
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<b>Centre number</b>						<b>Candidate number</b>				
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**Candidates answer on the Question Paper.**

**OCR SUPPLIED MATERIALS:**

**Clean copy Case Study**

**OTHER MATERIALS REQUIRED:**

**A calculator may be used**

<p><b>A calculator may be used for this paper</b></p>
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**READ INSTRUCTIONS OVERLEAF**

## **INSTRUCTIONS TO CANDIDATES**

- **Write your name, centre number and candidate number in the boxes on the first page. 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).**

## **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 (\*).**
- **Any blank pages are indicated.**

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**1 (a) (i) What do the initials PEST stand for?**

**P** \_\_\_\_\_

**E** \_\_\_\_\_

**S** \_\_\_\_\_

**T** \_\_\_\_\_

**[4]**

**(ii) State TWO benefits to a business of undertaking a PEST analysis.**

**1** \_\_\_\_\_

**2** \_\_\_\_\_

**[2]**

**(b) Andrews' Farm buys its organic feeds from China.**

**Explain the impact on Andrews' Farm of a weakening in the strength of sterling against the Chinese yuan.**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ **[2]**

**(c) Identify and explain THREE ways in which the government could help the organic milk industry.**

**1** \_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**2** \_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**3** \_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**[6]**

**(d) Which external factor is likely to have the most impact on the future of the organic milk industry in the UK? Justify your answer. [12]**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[illegible]

[illegible]

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**2 Toby decided that it would be better to operate the truffière independently rather than as a franchisee.**

**(a) (i) Identify and explain TWO benefits of being a franchisee.**

**1** \_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**2** \_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**[4]**

**(ii) Identify and explain THREE DRAWBACKS of being a franchisee.**

**1** \_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**2** \_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**3** \_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**[6]**

**(b)\* Evaluate the Andrews family's decision to change the ownership of the farm from a partnership to a private limited company following the decision to change the strategic direction of the business. [12]**

[illegible]

[illegible]

[illegible]

- 3 (a) After the first harvest of the truffles in autumn 2012, Toby decided to carry out a variance analysis comparing the average yield of the actual harvest with his budgets.

Complete the table below. Give your answers, where appropriate, to one decimal place. [6]

ITEM	BUDGET	ACTUAL	VARIANCE	VARIANCE (%)	FAVOURABLE/ ADVERSE
AVERAGE YIELD PER TREE	45 g	50 g	g		
SELLING PRICE PER kg	£2800	£3000	£		

**(b) Identify and explain TWO reasons why a business such as Andrews' Farm may use variance analysis.**

**1** \_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**2** \_\_\_\_\_

**Explanation** \_\_\_\_\_

\_\_\_\_\_

**[4]**

- 4 (a) The costs of producing organic milk at Andrews' Farm include:

annual licence fee

leased equipment

insurance

animal feed

wages.

Classify the costs listed above into fixed and variable costs by ticking the correct boxes below.

<b>COSTS</b>	<b>FIXED COSTS</b>	<b>VARIABLE COSTS</b>
<b>Annual licence fee</b>		
<b>Leased equipment</b>		
<b>Insurance</b>		
<b>Animal feed</b>		
<b>Wages</b>		

[5]

**(b) The costs of producing organic milk in 2012 at Andrews' Farm were:**

**Fixed costs                      £12 600**

**Variable costs                35p per litre**

**Selling price                40p per litre**

**Calculate the break-even output. [3]**

**Show your workings:**

**Break-even output = \_\_\_\_\_ litres**



**(c) Andrews' Farm actually produced 320 000 litres of organic milk in 2012.**

**Calculate the margin of safety. [2]**

**Show your workings:**

**Margin of safety = \_\_\_\_\_ litres**

**(d) Calculate the profit made by Andrews' Farm in 2012. [3]**

**Show your workings:**

**Profit = £** \_\_\_\_\_

**[9]**

[illegible]

[illegible]

**5 (a) (i) What is meant by the term ‘order tracking’?**

\_\_\_\_\_ [1]

**(ii) Identify ONE benefit to a business such as Andrews’ Farm of order tracking.**

\_\_\_\_\_ [1]

**(b) Evaluate the advantages and disadvantages of introducing additional modern technology in order to improve productivity at Andrews’ Farm. [12]**

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[illegible]

[illegible]

**6 Explain three reasons why environmental responsibility is important in the everyday conduct of Andrews' Farm.**

**1** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**2** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**3** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**[6]**

**END OF QUESTION PAPER**



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