

<b>Candidate forename</b>						<b>Candidate surname</b>					
<b>Centre number</b>						<b>Candidate number</b>					

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS  
AS GCE**

**F242/01**

**APPLIED BUSINESS**

**Understanding the Business Environment**

**WEDNESDAY 11 JANUARY 2012: Afternoon**

**DURATION: 1 hour 30 minutes**

**SUITABLE FOR VISUALLY IMPAIRED CANDIDATES**

**Candidates answer on the Question Paper.**

**OCR SUPPLIED MATERIALS:**

**Clean copy Case Study**

**OTHER MATERIALS REQUIRED:**

**A calculator may be used**

**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 (\*).**

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**1 Three stakeholders of the canals are canal boat users, anglers and environmentalists.**

**(a) From APPENDIX 2 (page 12) in the case study, identify TWO other stakeholders of the canals.**

**Stakeholder 1:** \_\_\_\_\_

**Stakeholder 2:** \_\_\_\_\_ **[2]**

**(b) Explain how the interests of anglers and environmentalists might conflict with those of canal boat users.**

**Anglers:** \_\_\_\_\_

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**Environmentalists:** \_\_\_\_\_

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**[4]**

**(c) What is the difference between stakeholder interests and stakeholder influence?**

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**[2]**

**[Total: 8]**

**2 Currently 'The Floating Lotus' has the following annual costs:**

<b>Mooring fee .....</b>	<b>£ 2 700</b>
<b>British Waterways licence .....</b>	<b>£ 1 900</b>
<b>Drinks' licence .....</b>	<b>£ 95</b>
<b>Insurance .....</b>	<b>£ 2 400</b>
<b>Maintenance.....</b>	<b>£ 2 200</b>
<b>Fuel, heating and lighting.....</b>	<b>£ 2 180</b>
<b>Carmen and Lee's combined salaries .....</b>	<b>£30 000</b>

**(a) Explain why the costs listed above could be classified as fixed costs.**

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[2]

- (b) The average spend per customer at ‘The Floating Lotus’ is £5 and the average cost of serving each customer is £1.50. Calculate the gross profit per customer. [2]**

**Show your working:**

**Gross profit per customer = £**\_\_\_\_\_

- (c) What is the difference between gross profit and net profit?**

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

- (d) Calculate the number of customers ‘The Floating Lotus’ currently needs to serve each MONTH in order to break-even. [4]**

**Show your working:**

**Break-even number of customers \_\_\_\_\_ per month**

- (e) Analyse ways in which ‘The Floating Lotus’ could lower its current break-even point.**

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[illegible]



- 3 (a) Identify TWO types of computer software (A and B) which a business such as 'The Floating Lotus' could use in order to organise its paperwork. For each type of computer software identified, explain TWO ways in which it could be used within 'The Floating Lotus'.

TYPE OF SOFTWARE	EXPLANATION OF HOW IT COULD BE USED WITHIN 'The Floating Lotus'
<b>A.</b>	1.
	2.
<b>B.</b>	1.
	2.

[6]

[illegible]

[illegible]



- 4 (a) **‘Even though cash-flow is positive, ‘The Floating Lotus’ is only just breaking even each month.’ Explain why a positive cash-flow does not necessarily mean that a profit has been made.**

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[2]

- (b) **Identify TWO reasons why it is important that Carmen closely examines the cash-flow forecast which Lee promised to draw up in relation to his proposal.**

**Reason 1:** \_\_\_\_\_

\_\_\_\_\_

**Reason 2:** \_\_\_\_\_

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

- (c) Using the information provided below, complete the 7 boxes labelled (i) to (vii) in Lee's cash-flow forecast for April 2012 on the facing page.**

**Estimated number of customers ..... 1050**  
**Average spend per customer..... £6**  
**Cost of stock as a percentage of sales..... 30%**  
**ANNUAL combined salaries ..... £30 000**

## Lee's cash-flow forecast for April 2012

	£
<b>CASH INFLOW</b>	
<b>Sales</b>	(i)
<b>TOTAL INFLOW</b>	(ii)
<b>CASH OUTFLOW</b>	
<b>Mooring fee</b>	<b>225</b>
<b>British Waterways licence</b>	<b>158</b>
<b>Drinks' licence</b>	<b>8</b>
<b>Insurance</b>	<b>200</b>
<b>Maintenance</b>	<b>183</b>
<b>Fuel, heating and lighting</b>	<b>181</b>
<b>Salaries</b>	(iii)
<b>Stock</b>	(iv)
<b>Internet provider and telephone</b>	<b>200</b>
<b>Sundry expenses</b>	<b>50</b>
<b>TOTAL OUTFLOW</b>	(v)
<b>NET CASH-FLOW</b>	(vi)
<b>OPENING BALANCE</b>	<b>5000</b>
<b>CLOSING BALANCE</b>	(vii)

[6]



[illegible]



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- 5 (a) Other than interest rates and exchange rates, identify FOUR external influences on CARMEN'S proposal to introduce a buffet style restaurant. For each influence, explain how it could affect the success of CARMEN'S proposal.**

**External influence 1:** \_\_\_\_\_

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

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**External influence 2:** \_\_\_\_\_

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

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**External influence 3:** \_\_\_\_\_

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

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**External influence 4:** \_\_\_\_\_

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

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**[12]**

**(b) Explain why a change in interest rates is likely to have a greater impact on CARMEN'S proposal for 'The Floating Lotus' than a change in exchange rates.**

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\_\_\_\_\_ [3]

**[Total: 15]**

- 6 (a) In order to fund CARMEN'S proposal, Carmen and Lee could either sell their four bedroomed house or get a bank loan. Explain ONE advantage to Carmen and Lee of each of these methods of funding.**

**Sell house:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Bank loan:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ [4]

- (b) Other than the name, address and the starting date of their partnership, identify TWO items on which Carmen and Lee should have agreed when starting their business.**

**Item 1:** \_\_\_\_\_

**Item 2:** \_\_\_\_\_ [2]

**(c)\* Your Quality of Written Communication will be taken into account.**

**Discuss whether ‘The Floating Lotus’ should remain a partnership or become a private limited company if it is decided to go ahead with CARMEN’S proposal.**

[illegible]

[illegible]

[illegible]

**[Total: 18]**

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