Surname

Centre Number

2

Candidate Number

Other Names



GCE AS/A level

1601/01

APPLIED BUSINESS UNIT ABUS1 Paper version of on-screen assessment

P.M. WEDNESDAY, 11 January 2012

2 hours

 For Examiner's use only

 Section A
 20

 Section B
 80

 Total Mark
 100

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 Cassidy's Business Services.

Section B 80 marks Short-answer and extended-answer questions based on *Cassidy's Business Services*.

INFORMATION FOR CANDIDATES

Quality of Written Communication will be assessed in the responses to questions 10 and 12 in Section B.

Electronic calculators may be used.

SECTION A

2

Answer all questions in this section.



Hello, I'm pleased to meet you. I'm Craig Wolfe, one of the partners who owns and runs CBS. As you know, the partnership's full name is Cassidy's Business Services, and we provide accountancy and other business services to clients based in this town. We're pleased you can join CBS for a period of work experience and I do hope you enjoy your time working with us.

- 1. *CBS* is an ordinary partnership. This means that
 - A its profits are shared by all employees
 - **B** it works with the local authority
 - **C** it will have at least two owners
 - **D** there must be a written partnership agreement

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

Answer

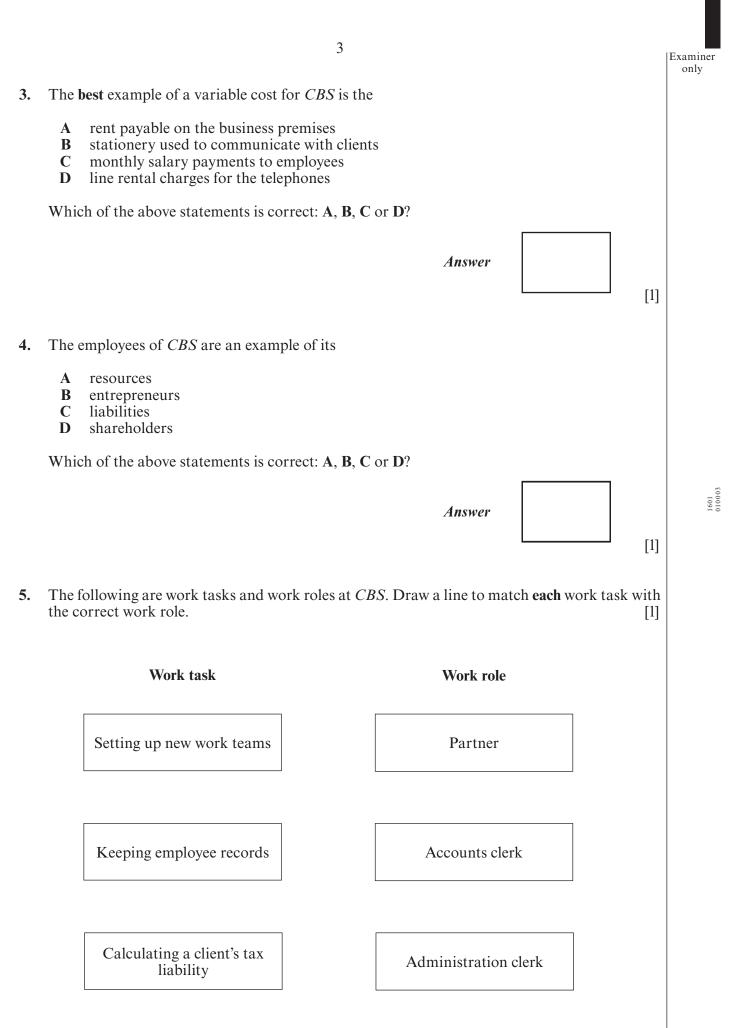
[1]

- 2. *CBS* has started offering an online 'chat' service to answer questions from potential new clients. This is an example of *CBS*
 - **A** franchising services
 - **B** surveying stakeholders
 - **C** monitoring targets
 - **D** being innovative

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

Answer

[1]



	4	Examine only
6.	Craig Wolfe has set the following business aim for CBS.	
	• To increase profits.	
	State one way that Craig could check whether this business aim has been achieved. [1]	
7.	The partners at <i>CBS</i> plan to obtain external finance to expand the business. Craig Wolfe is responsible for business planning. The present business plan for <i>CBS</i> contains the following sections.	
	 Executive summary Mission statement of <i>CBS</i> Business services currently provided 	
	 (a) Name two other sections that a lender of external finance is likely to want to see in the business plan for CBS. [2] 	
	(b) For each of the two sections named, give a reason why the lender will want to see it. [2]	

5

Examiner only

[4]

8. Work at *CBS* is organised according to the type of client. Examples of client-based teams are:

- Agricultural and Farm Accounts team
- Healthcare and Medical Accounts team
- Clubs and Charities Accounts team

Outline two likely benefits to CBS as a result of organising its work in this way.

CBS employees use a variety of business communications and other software. State two appropriate business uses by CBS employees for each item below. [6]

Item	Appropriate business use by <i>CBS</i>
CBS website	1.
	2.
Database software	1.
Database software	2.
Desktop publishing	1.
software	2.

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SECTION B

6

Answer all questions in this section.



2.

I'm pleased that you are settling down here. It's quite a large business of its type, and business functions such as marketing and human resources play key roles in helping us to achieve our objectives. My colleagues have already told you that we work in a highly competitive market and therefore we have to identify new business opportunities.

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

Outline why the business objectives of your chosen organisation are likely to differ from those of *CBS*. [2]

3. Decide which **one** of the two business functions listed below you consider to be more important to the success of your chosen organisation. Explain why you have decided that this business function is more important **to your organisation** than the other one.

Human Resources Marketing [6] CBS operates in a highly competitive market and therefore the partners "have to identify new 4. business opportunities". State two other entrepreneurial skills or attributes that the partners of CBS need for the (a)business to stay successful. [2] *(b)* To what extent are the entrepreneurial skills or attributes in (a) above important to your chosen organisation? [4]

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At CBS we believe that our employees should be fully involved in the business. They are efficient, and they know the constraints within which we work. I've recently discussed CBS's approach to quality with our employees, and we've agreed to set up quality circles. I think that employees will get a lot from being involved in quality circles.

5. Quality circles will be set up at *CBS*.

(a)	What is meant by 'Quality circles'?	[2]
••••••		•••••
(b)	Outline how quality circles will benefit the employees of <i>CBS</i> .	[3]
•••••		•••••
•••••		••••

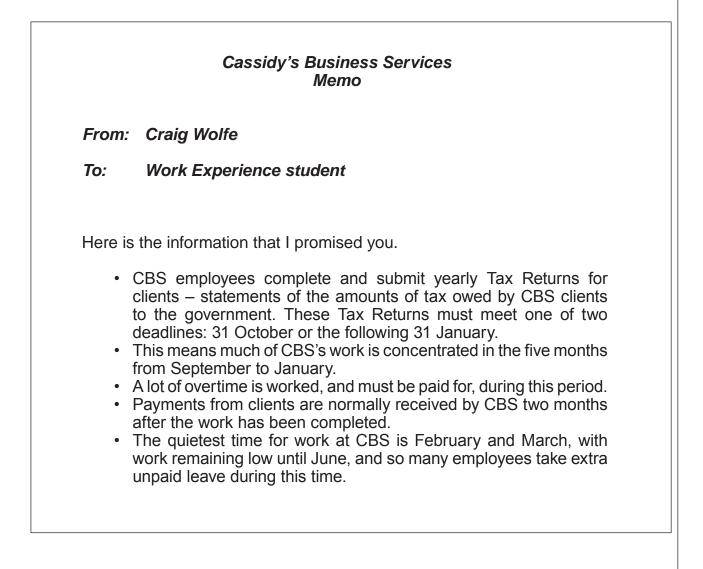
• Health and safety	[5]	
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You've joined us at our busiest time because we have to submit information about most of our clients' tax affairs by 31st January. It means that some people work long hours, and so we incur a lot of extra costs at this time of year: not only expenses such as the extra heating needed in winter-time, but also additional wage costs. The consolation is that, in a month or two, we receive our income from this work.

7. Craig has sent you the following memorandum about the work and cash flows for *CBS*.



11

What evidence does the memorandum contain regarding likely causes of cash surpluses and deficits for *CBS*? [6]

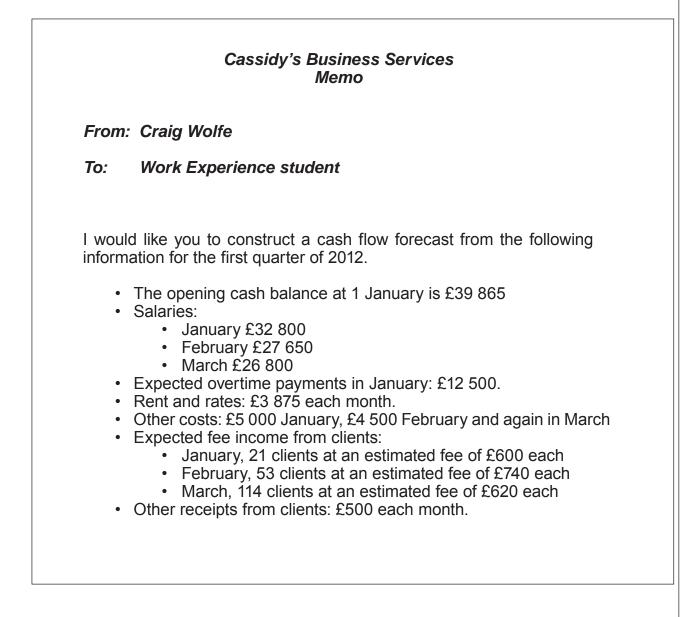
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8. The cash balances for *CBS* at the end of June in recent years were as follows.

End of June:	Cash balance (£)
2011	19 820
2010	18 841
2009	17 673
2008	16 892

Recommend **one** appropriate course of action for *CBS* if this trend continues, stating any benefits or drawbacks associated with the course of action you have recommended. [7]

9. Craig has sent you the following memorandum.



Using this information, construct a cash flow forecast for the period January to March 2012. Use the table below. Your forecast must show total inflows, total outflows, net cash flows, opening and closing balances. [12]

Item	January	February	March



We find that many of our clients are very good at their work, but they often fail to understand some of the financial terms and ideas. This means that we not only help them with tax and other financial calculations, but we also need to provide them with important information about the financial world that affects them.

10. You have received the following email from Craig Wolfe.

		?					
From: To: Subject: Sent:	Craig Wolfe Work Experience student Advice to clients Today						
who, as you kno Some clients g budgets. I the provide some i My secretary y name. All I new following threw 1. The import 2. The import	will 'cut & paste' this information into a letter sent u ed you to do is to send her some outline information e headings: ance of liquidity to a business ance of profitability to a business	y us!!! ss edge to nder my					
3. The main reasons why businesses set budgets Thanks again for helping me out.							
Craig.							

Using the headings mentioned in Craig's email, outline clearly the importance of **both** liquidity and profitability to a business, **and** the main reasons why businesses set budgets. [9]

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11. CBS clients each pay an average fee of £675. Craig estimates that the variable cost per client is £125 and that CBS has to meet £31 900 fixed costs every month. Calculate: the number of clients each month that *CBS* needs in order to break even. [2] • the annual profit or loss made by CBS if it averages 70 clients a month (state clearly ٠ whether it is a profit or a loss). [2] 12. CBS faces increasing competition from a recently established local firm. In response to this competition, Craig is planning to reduce the average client fees charged by CBS from £675 to £575. Using the above information and the information in question 11, assess the likely effects on CBS if this plan is adopted. [12]

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