

Surname	Centre Number	Candidate Number
Other Names		2



GCE AS/A level

1601/01

APPLIED BUSINESS

UNIT ABUS1

Paper version of on-screen assessment

P.M. WEDNESDAY, 9 January 2013

2 hours

For Examiner's use only

Section A	20
Section B	80
Total Mark	100

1601
010001

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 *Cavian Care Ltd.*

Section B 80 marks Short-answer and extended-answer questions based on *Cavian Care Ltd.*

INFORMATION FOR CANDIDATES

Quality of Written Communication will be assessed in the responses to questions 7 and 16 in Section B.

Electronic calculators may be used.

SECTION A

Answer **all** questions in this section.



1. As a company, *Cavian Care Ltd*

- A must contain several departments
- B gives limited liability to every employee
- C must publish its accounts for everyone to see
- D is based in the private sector of the economy

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

Answer

[1]

2. As the Manager at *Cavian Care Ltd*, Laura needs to have the ability to inspire others. This is an example of Laura

- A protecting data
- B using quality control
- C being enterprising
- D setting budgets

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

Answer

[1]

3. The best example of innovative products used at *Cavian Care Ltd* is
- A knives and forks adapted for residents with weak hands
 - B vases in different shapes and sizes used for flowers brought by visitors
 - C double-glazed windows that reduce the cold and draughts for residents
 - D sturdy chairs and tables used by the residents at meal times

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

Answer

[1]

4. The balance sheets of *Cavian Care Ltd* show the amount of the company's
- A wages and salaries
 - B revenue (sales)
 - C gross profit
 - D inventories (stocks)

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

Answer

[1]

5. The following employees work at *Cavian Care Ltd*. Examples of tasks carried out at *Cavian Care Ltd* are given alongside the employees. Draw a line to link **each** employee to the matching task. [2]

Employee	Task
Human Resources Assistant	Filing residents' care records
Finance Assistant	Advertising job vacancies
Office Assistant	Judging financial performance
Manager	Recording income

6. *Cavian Care Ltd* shows its organisational structure in the form of an organisation chart.

Suggest **one drawback** to *Cavian Care Ltd* of showing its organisational structure in this form. [2]

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7. *Cavian Care Ltd* was originally set up in 1993 as a partnership business. In 1997 it became a limited company.

(a) Describe how the **financing** of this business would have changed when its ownership status changed in 1997. [2]

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(b) Outline **one disadvantage** to the original partners when the ownership status of the business was changed in 1997. [2]

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8. Laura does not believe that the activities of *Cavian Care Ltd* have to be innovative for the company to be successful.

Is innovation likely to be important to *Cavian Care Ltd* being successful? [3]

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9. *Cavian Care Ltd* has the following mission statement.

“Our vision is to provide and promote excellent care, respect and independence for every resident, and to meet the needs and wishes of all.”

The owners of *Cavian Care Ltd* have created a business aim and a series of business objectives from this mission statement.

(a) State how a business aim can be distinguished from a business objective. [1]

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(b) How might the business objectives of *Cavian Care Ltd* be monitored [2]
• qualitatively? [2]
• quantitatively? [2]

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SECTION B

Answer all questions in this section.



1. Name an organisation that you have studied that does **not** provide care services for the elderly, and describe briefly what it does. You will use this organisation to answer questions 2, 3 and 4.

[1]

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2. Outline **two ways** in which the resource requirements of your chosen organisation are likely to differ from those of *Cavian Care Ltd.*

[4]

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3. Identify **one** of the key job roles of your chosen organisation, and describe **two** responsibilities that the person carrying out this job role will have. [4]

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4. Analyse the extent to which the responsibilities described in your response to question 3 are likely to be similar to those carried out by **one** of the following at *Cavian Care Ltd*.

- Manager
- Carer
- Nurse
- Administrative employee
- Domestic employee

[6]

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We take our responsibilities very seriously here. We follow safe practices for our residents, their friends and relatives who come to visit them, and our staff. We also make sure we keep our residents' personal information safe because we have people from outside visiting. Like any business, we develop and we change. At present I'm assessing whether we should buy a new minibus to take our residents out on trips.

5. Describe **one** way in which *Cavian Care Ltd* is likely to ensure that confidential information about residents stays confidential. [3]

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We've just had a new extension built where our residents can sit all year round, and enjoy looking at the birds and flowers. Have you seen it yet? We used a local builder called Chaplins to build the extension, and we're very pleased with the result. So are our residents.

8. Bob Downey owns and runs *Chaplins*, the building firm used for the extension. Bob uses budgeting widely in his work. He is in the process of calculating the profit or loss he made on the extension for *Cavian Care Ltd*.

When budgeting for the extension, Bob set a purchases budget. The section of the purchases budget for "Cement and other consumables" contained the information shown on the opposite page.

Chaplins the Builders

PURCHASES BUDGET – Cement and other consumables

Item	Unit cost £
Extra rapid cement (25kg bag)	12.16
Brick laying mortar (25kg bag)	4.63
Sharp sand (jumbo bag)	45.47
Brick and mortar cleaner (5L bottle)	9.99

Bob calculated he would need the following amounts to build the extension.

- Extra rapid cement: fourteen 25kg bags
- Brick laying mortar: three and a half 25kg bags
- Sharp sand: one jumbo bag
- Brick and mortar cleaner: two 5L bottles

Any unused materials from a bag or bottle are thrown away at the end of the job, and are charged to the job being undertaken.

Using the table below, calculate the purchases budget for “Cement and other consumables”, showing the **budgeted cost for each item** and the **total cost**. [5]

Item	Cost (£)
Extra rapid cement	
Brick laying mortar	
Sharp sand	
Brick and mortar cleaner	
Total	

9. Bob has kept the following record for the extension. He wants to calculate whether he has over-budgeted or under-budgeted for this work.

<i>Chaplins the Builders</i>		
	Budget	Actual
Sales price quoted to Cavian Care Ltd:	£18 750	no change
Materials budget: building materials	£2 250	£65 more
Materials budget: consumables	£945	£150 more
Labour budget: skilled	£4 900	£3 905
Labour budget: unskilled	£4 375	£5 742
Overheads	£1 775	no change

Using the information in Bob's record, complete the following table and calculate the:

- budgeted profit
- actual profit

Bob made on building the extension.

[8]

Item	Budget (£)	Actual (£)	Variance (£)	Favourable or Adverse
Sales price				
Building materials				
Consumables				
Skilled labour				
Unskilled labour				
Overheads				
Budgeted profit (£)				
Actual profit (£)				



One of my jobs is to calculate our cash flows. Our cash inflow comes from our residents who pay us fees for their care. The local authority helps some residents to meet the cost of their fees. Other residents either use their own savings or rely on their families to help pay the fees. Room and living fees vary depending on the size of a resident's room and the particular needs of that resident. Our cash outflows are for costs which are, I guess, similar to those of many other businesses.

12. Give **one** reason why a spreadsheet will help Laura when constructing a cash flow forecast.

[1]

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13. Laura does not fully understand the difference between cash and profit, and between cash flow and liquidity.

Complete the memorandum on the opposite page, explaining to Laura the difference between these terms.

[4]

MEMO

From: Work experience student
To: Laura
Subject: Clarifying terms
Date: Today

The difference between cash and profit is:

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The difference between cash flow and liquidity is:

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14. Laura has the following information for *Cavian Care Ltd's* cash flow forecast.

Fees payable by the local authority were £26 890 in November and £26 955 in December. The local authority pays *Cavian Care Ltd* these fees **two months in arrears** (two months after they are due to be paid).

2013 amounts for <i>Cavian Care Ltd's</i> fees:	Local authority	Residents
Jan	£27 065	£6 550
Feb	£26 535	£6 270
Mar	£27 040	£6 540

(The local authority pays *Cavian Care Ltd* these amounts **two months** in arrears and the residents pay their amounts **on time**.)

Other items for *Cavian Care Ltd's* cash flow forecast:

- Other cash inflows for the start of 2013:

Jan	£1 005
Feb	£1 005
Mar	£1 205

(These are received by *Cavian Care Ltd* in the same month that they are due.)

	Dec £	Jan £	Feb £	Mar £
• Heat, light and other power bills (to be paid one month in arrears)	745	900	900	820
• Food and drink costs (to be paid in the same month)		1 890	1 920	1 920
• Wage costs (to be paid in the same month)		28 500	28 500	28 500
• Travel and transport costs (to be paid in the same month)		675	500	500
• Other costs (to be paid in the same month)		1 000	1 000	1 000

16. To what extent can Laura rely on cash flow forecasts to monitor the business performance of *Cavian Care Ltd*? [6]

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