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

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.



Hello. Welcome, to your first day of work experience here. I'm Laura Tallent, the Manager of Cavian Care Ltd which, as you know, is a care home for elderly residents. We aim to provide a high standard of accommodation and personal care for people aged 65 and over. At present we have 27 residents, who are cared for by our trained carers and other staff.

- 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	F11:
	[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?

[1]

3. The best example of innovative products used at Cavian Care	Ltd is
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- 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

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Cavian Care Ltd shows its organisational structure in the form of an organisation chart.			
Sugg	est one drawback to <i>Cavian Care Ltd</i> of showing its organisational structure in this form. [2]		
•••••			
	an Care Ltd was originally set up in 1993 as a partnership business. In 1997 it became a ed company.		
(a)	Describe how the financing of this business would have changed when its ownership status changed in 1997. [2]		
(b)	Outline one disadvantage to the original partners when the ownership status of the business was changed in 1997.		
•••••	business was changed in 1997. [2]		
•••••			

Laura does not believe that the activities of Cavian Care Ltd have to be innovative for the

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Is in	novation likely to be important to Cavian Care Ltd being successful?				
•••••					
••••					
Cavi	an Care Ltd has the following mission statement.				
	"Our vision is to provide and promote excellent care, respect and independence for ever resident, and to meet the needs and wishes of all."				
	The owners of <i>Cavian Care Ltd</i> have created a business aim and a series of business objective from this mission statement.				
(a)	State how a business aim can be distinguished from a business objective.				
(b)	How might the business objectives of <i>Cavian Care Ltd</i> be monitored				
(- /	qualitatively?quantitatively?				
•••••					
•••••					
•••••					

SECTION B

Answer all questions in this section.



It's important for you to understand the different job roles we have. My role as Manager is to oversee the running of the business and I'm supported by our administrative staff. For every three residents we have, we employ a Carer who is responsible for their welfare, and we have a Nurse who deals with our residents' medical problems. We also employ domestic staff who look after the building and provide cleaning and catering services.

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 and 4.		
	[1]		
2.	Outline two ways in which the resource requirements of your chosen organisation are likely to differ from those of <i>Cavian Care Ltd</i> .		

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hat the pers	of the key job roles of your chosen organisation, and describe two responsibilities on carrying out this job role will have. [4]
analyse the kely to be s	extent to which the responsibilities described in your response to question 3 are imilar to those carried out by one of the following at <i>Cavian Care Ltd</i> . Manager Carer
	Nurse Administrative employee
•	Nurse Administrative employee Domestic employee [6]
•	Administrative employee
•	Administrative employee
•	Administrative employee
	Administrative employee
	Administrative employee Domestic employee [6]



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 <i>Cavian Care Ltd</i> is likely to ensure that confidential informatio about residents stays confidential. [3]		

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•	lowing situations. When a friend or relative of a resident visits <i>Cavian Care Ltd</i> . When a carer drives residents using the company's minibus.	[6]
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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	

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[8]

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

Chaplins the Builders

	Budget	Actual
Sales price quoted to Cavian Care Ltd:	£18750	no change
Materials budget: building materials	£2250	£65 more
Materials budget: consumables	£945	£150 more
Labour budget: skilled	£4900	£3905
Labour budget: unskilled	£4375	£5742
Overheads	£1775	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.

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

Examiner only

•	Materials Labour					
						•••••
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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]
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
То:	Laura
Subject:	Clarifying terms
Date:	Today
The difference b	petween cash and profit is:
The difference	between cash flow and liquidity is:

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

Fees payable by the local authority were £26890 in November and £26955 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 Cavian Care Ltd's fees:	Local authority	Residents
Jan	£27065	£6550
Feb	£26 535	£6270
Mar	£27040	£6540

(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)		1890	1920	1920
• 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)		1000	1000	1000

Complete the cash flow forecast for January, February and March 2013 (in the table below) on behalf of Laura, using **all** cash flows shown on the previous page.

Your forecast must show opening balances, total inflows, total outflows, net cash flow and closing balances for **each** month. The opening balance for January 2013 is £2 235. [12]

Item	Jan (£)	Feb (£)	Mar (£)

15.	(a)	Using your calculations from question 14, identify any trend shown by the cash flor forecast balances.	w 1]
	(b)	State one decision that Laura will need to make if this trend continues.	1]

16.	To what extent can Laura rely on cash flow forecasts to monitor the business performance of <i>Cavian Care Ltd</i> ? [6]	Examiner only

END OF PAPER

Continuation page only	Examiner only