

**ADVANCED SUBSIDIARY GCE  
 APPLIED BUSINESS**

**F242**

Unit 3: Understanding the Business Environment

**MONDAY 2 JUNE 2008**

Morning  
 Time: 1 hour 30 minutes

Candidates answer on the question paper

**Additional materials (enclosed):** Clean copy Case Study

**Additional materials (required):**  
 Calculator



Candidate Forename

Candidate Surname

Centre Number

Candidate Number

**INSTRUCTIONS TO CANDIDATES**

- Write your name in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use blue or black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- Do **not** write in the bar codes.
- Write your answer to each question in the space provided.
- Additional answer space is available on the lined pages at the back of this booklet. Answers on these pages **must** be clearly numbered.

**INFORMATION FOR CANDIDATES**

- The number of marks for each question is given in brackets [ ] at the end of each question or part question.
- The total number of marks for this paper is **100**.
- The quality of written communication will be taken into account in marking your answer to the question marked with an asterisk (\*).

FOR EXAMINER'S USE	
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<b>TOTAL</b>	

This document consists of **14** printed pages and **2** lined pages.



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..... [12]

[Total: 15]

- 2 (a) Identify and describe **three** business activities which could be computerised in a business such as Brookside Farm Limited (BFL).

Activity 1: .....

.....

Description: .....

.....

Activity 2: .....

.....

Description: .....

.....

Activity 3: .....

.....

Description: .....

..... [6]



3 (a) Define the term stakeholder.

.....  
.....  
.....  
..... [2]

(b) Complete the table below to identify why **each** of the following stakeholders would have an interest in the performance of BFL.

State how **each** stakeholder would judge the performance of the business. One example has already been completed for you. [10]

Stakeholder	Interest	How BFL is judged
Mary Collins	Employee	Wages
Steven Drummond		
Suppliers of animal feed		
Creditors		
The local community		
A competitor		

(c) Discuss the extent of the influence of stakeholders on BFL.

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..... [12]

(d) Explain Simon Lewis' position with regard to his decision **not** to reveal his involvement in a cheese making farm.

..... [4]

[Total: 28]

- 4 The building work for the bed and breakfast venture was financed by a loan repayable by annual instalments of £10 000 per annum. In addition, BFL budgeted to spend £5 000 per annum on advertising the bed and breakfast venture. BFL charges guests £30 per person per night. The variable cost per guest consists of electricity, food and drink and works out at £4.50 per guest per night. This information is summarised below:

Item	£
Loan repayment	10 000 per annum
Advertising	5 000 per annum
Price charged	30 per guest per night
Variable cost	4.50 per guest per night

- (a) Define the term fixed cost.

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..... [2]

- (b) Assuming that each guest stays one night, calculate the number of guests needed in the first year to break even on the bed and breakfast venture. [4]

Show your working:

Number of guests = .....



(c) In 2007, the first year of operation, the number of guests was 450.

(i) Calculate the profit or loss made on the bed and breakfast venture. [2]

Show your working:

Profit/loss = .....

(ii) Sandra had expected to attract 650 guests in the first year. What is the variance on the profit/loss from this venture? [2]

Show your working:

Variance = .....

(d) For 2008, Sandra expects bookings to rise to 700, prices and costs remaining unchanged.

Calculate the:

(i) expected margin of safety in 2008; [1]

Show your working:

Margin of safety = .....

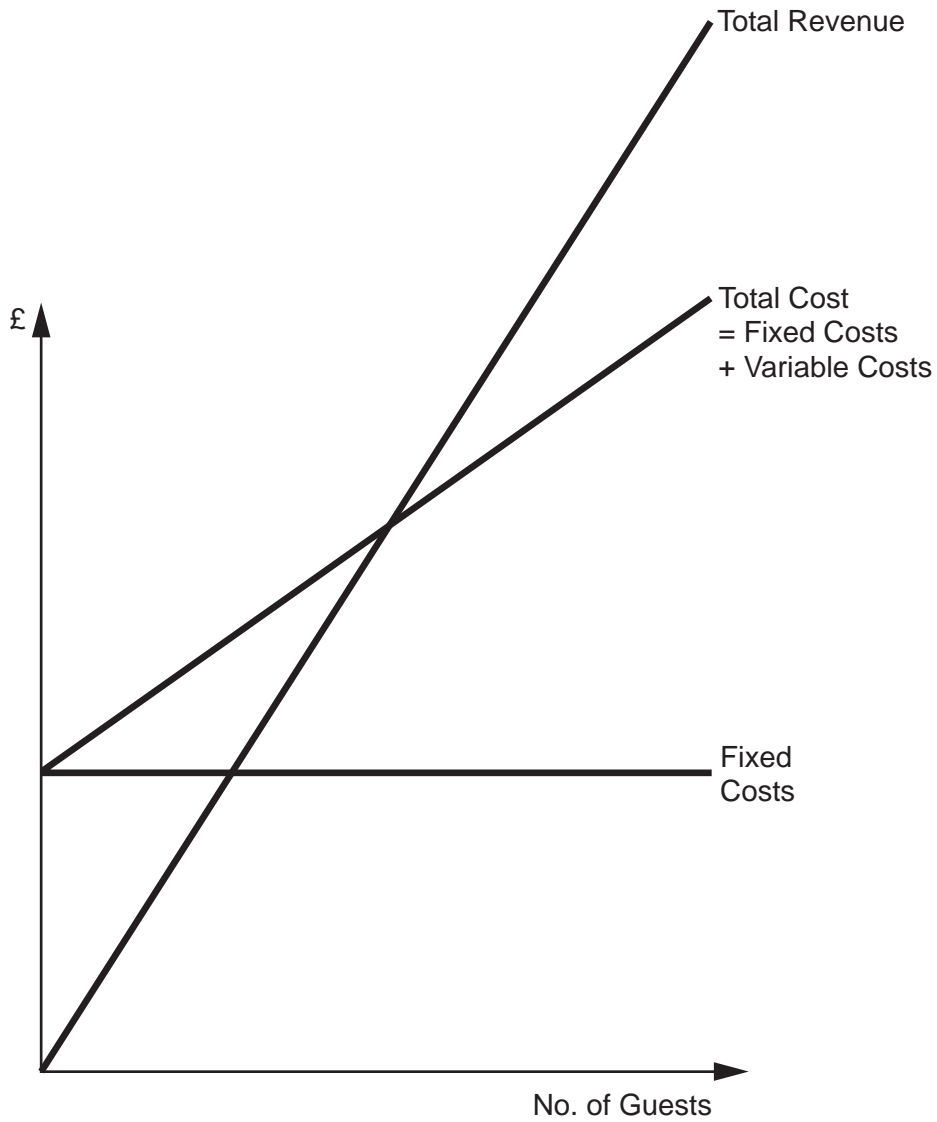
(ii) expected profit/loss in 2008. [2]

Show your working:

Profit/loss = .....

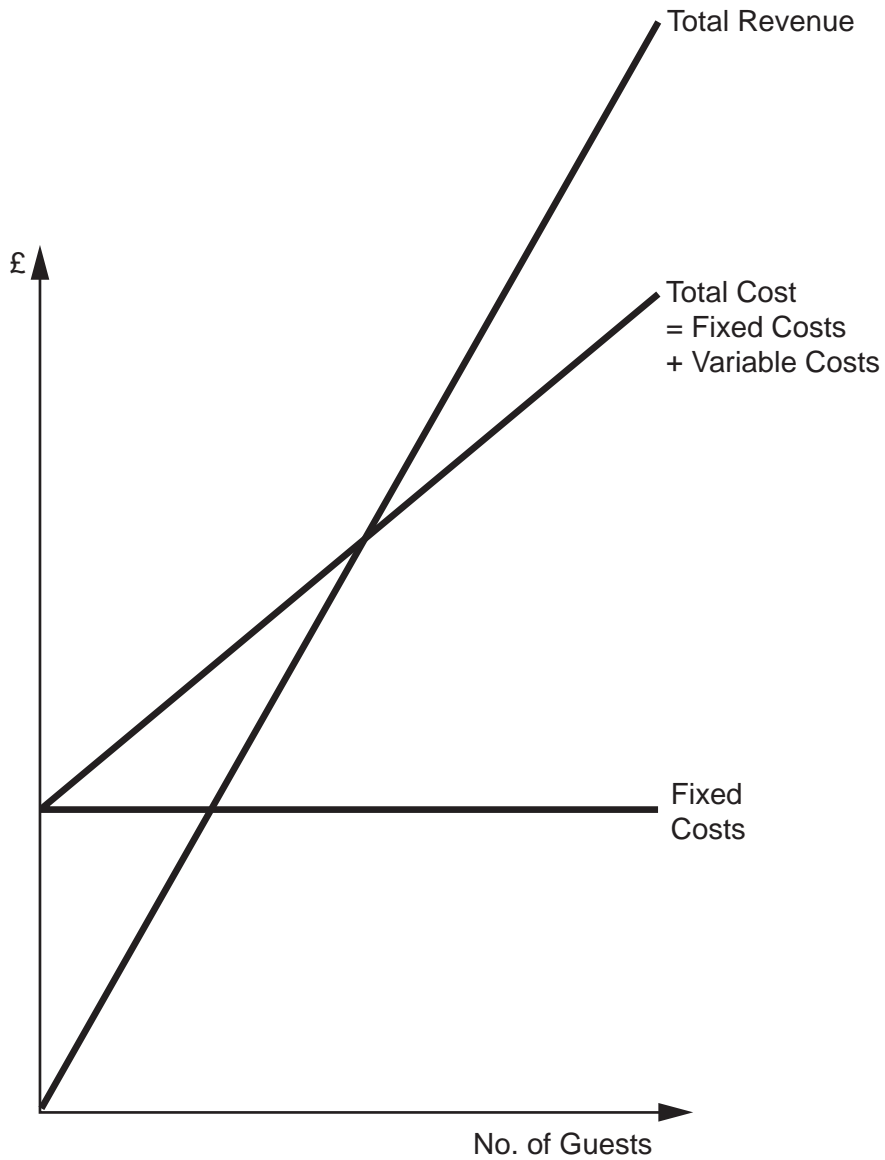
- (e) (i) On the graph below, illustrate the impact of a rise in the price charged by BFL for bed and breakfast. [1]



- (ii) State the consequence for the break even level.

.....  
..... [1]

- (f) (i) On the graph below, illustrate the impact of a rise in interest rates resulting in a rise in the annual loan repayment made by BFL. [2]



- (ii) State the consequence for the break even level.

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..... [1]

[Total: 18]

5 (a) Undertake a partial SWOT analysis for BFL's ice cream venture.

You should identify and describe **three** opportunities and **three** threats.

[12]

Opportunities	Threats
<p><b>Opportunity 1:</b></p> <p>.....</p> <p>.....</p> <p>Description:</p> <p>.....</p> <p>.....</p>	<p><b>Threat 1:</b></p> <p>.....</p> <p>.....</p> <p>Description:</p> <p>.....</p> <p>.....</p>
<p><b>Opportunity 2:</b></p> <p>.....</p> <p>.....</p> <p>Description:</p> <p>.....</p> <p>.....</p>	<p><b>Threat 2:</b></p> <p>.....</p> <p>.....</p> <p>Description:</p> <p>.....</p> <p>.....</p>
<p><b>Opportunity 3:</b></p> <p>.....</p> <p>.....</p> <p>Description:</p> <p>.....</p> <p>.....</p>	<p><b>Threat 3:</b></p> <p>.....</p> <p>.....</p> <p>Description:</p> <p>.....</p> <p>.....</p>





